



**Management Discussion and Analysis,  
For the three and nine months ended  
September 30, 2016**

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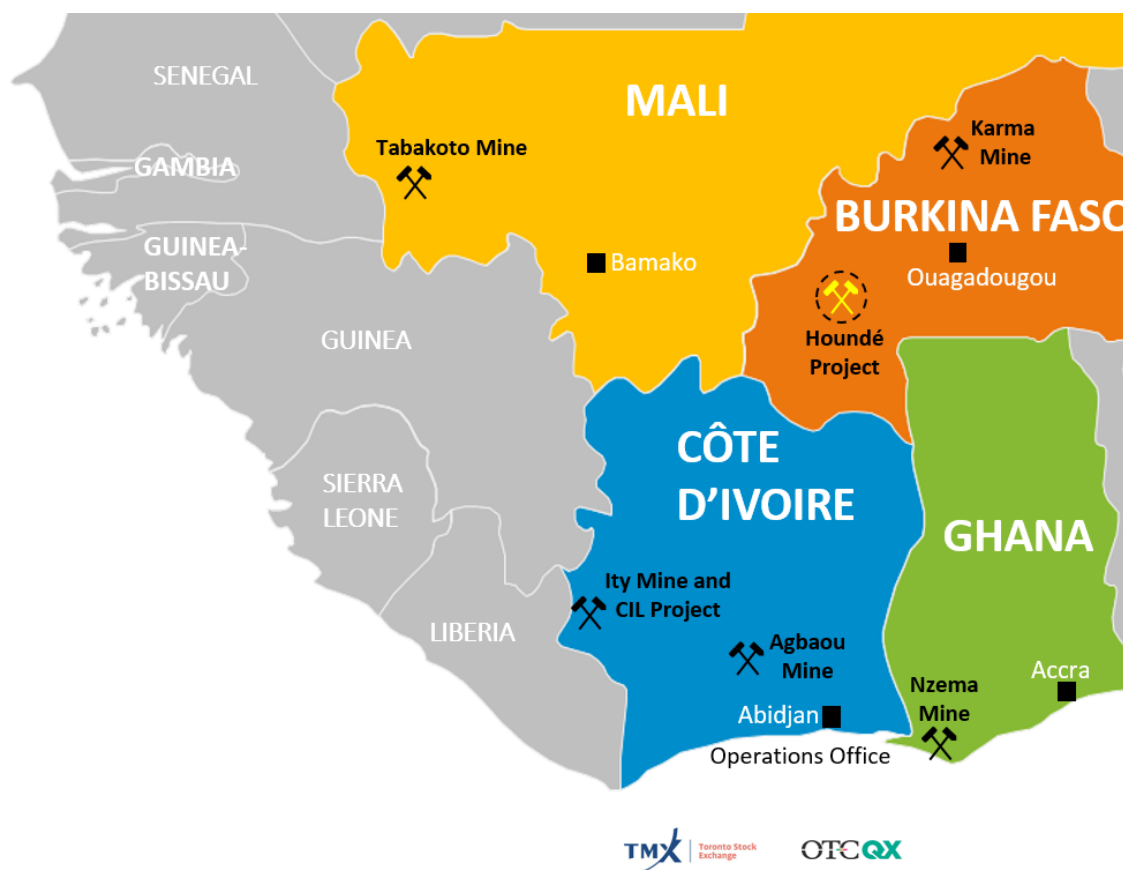
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This Management's Discussion and Analysis ("MD&A") should be read in conjunction with Endeavour Mining Corporation's ("Endeavour Mining" or the "Corporation") audited consolidated financial statements for the years ended December 31, 2015 and 2014, prepared in accordance with International Financial Reporting Standards ("IFRS") and the unaudited condensed interim consolidated financial statements of the Corporation for the three and nine months ended September 30, 2016 and 2015 (prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34")). This Management's Discussion and Analysis contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. The reader is cautioned not to place undue reliance on forward-looking statements. All figures are in United States Dollars, unless otherwise indicated. Tabular amounts are in thousands of United States Dollars, except per share amounts and where otherwise indicated. This Management's Discussion and Analysis is prepared as of October 31, 2016. Additional information relating to the Corporation, including the Corporation's Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## I. BUSINESS OVERVIEW

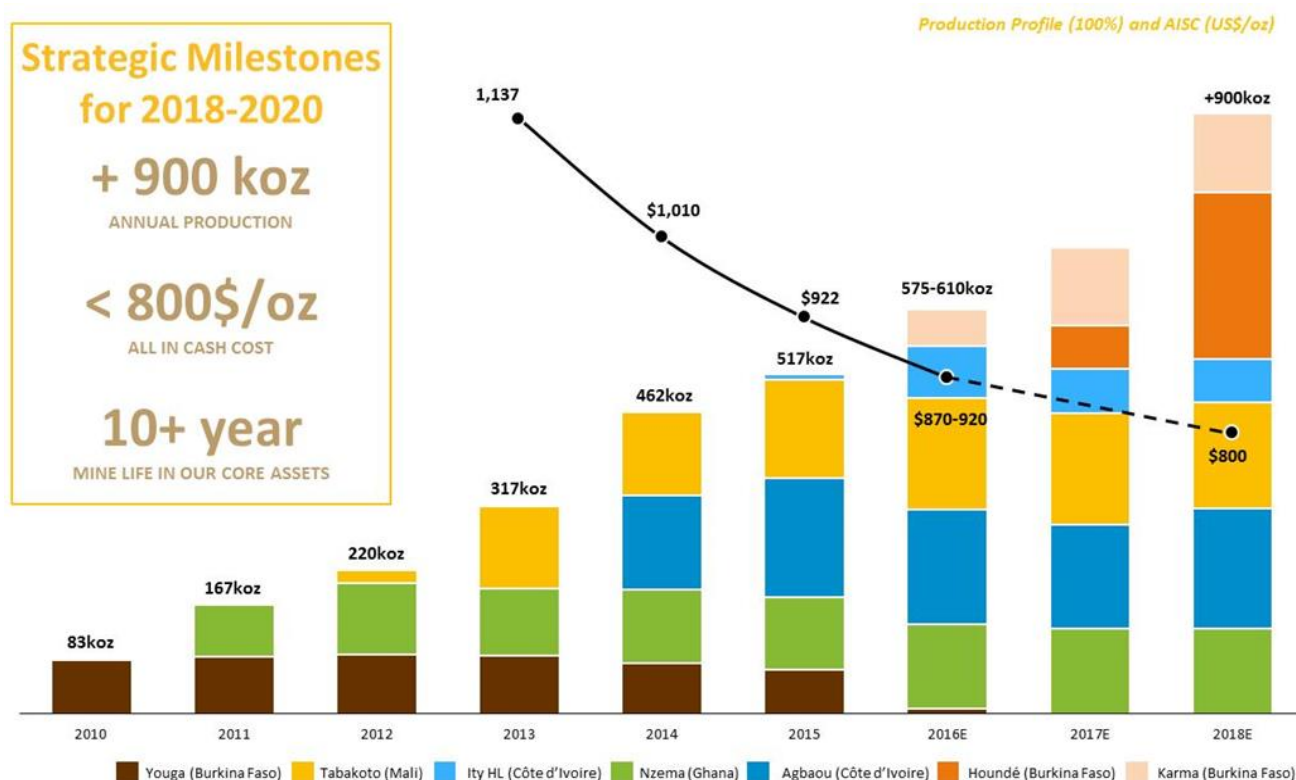
### A. Operations description

Endeavour Mining is a Canadian listed intermediate gold producer with five operating mines and one project under construction in West Africa. The Corporation's operating assets for the three and nine months ended September 30, 2016 comprised of the Agbaou and Ity Gold Mines in Côte d'Ivoire, the Nzema Gold Mine in Ghana, the Tabakoto Gold Mine in Mali and the Karma Gold Mine in Burkina Faso. Endeavour Mining's shares are listed on the Toronto Stock Exchange (symbol EDV) and quoted in the United States on the OTCQX International (symbol EDVMF). On January 11, 2016, Endeavour Mining announced that it had successfully been removed from the official list of the Australian Securities Exchange.



## B. Strategy summary

Endeavour's medium term aim is to increase group production to over 900,000 ounces per annum and decrease its average all-in sustaining costs ("AISC") to approximately \$800 ounces by 2018, with all mines having remaining production lives greater than 10 years.



To reach that objective, Endeavour is focused on four strategic levers to achieve this:

- Driving operational excellence through a safety first approach to optimizing operations, increasing production and reducing AISC.
- Developing high value projects, including the Houndé Project in Burkina Faso and the Ity Mine Carbon in Leach ("CIL") Project in Côte d'Ivoire.
- Unlocking exploration value associated with one of the largest exploration packages in West Africa.
- Taking an opportunistic approach to mergers and acquisitions ("M&A") in order to increase average life of mine, decrease AISC, secure exploration potential, improve cash-flow per share and access cluster synergies in West Africa.

## II. THIRD QUARTER CORPORATE HIGHLIGHTS

### A. Corporate highlights

- On July 11, 2016 the Corporation issued a total of 7,187,500 ordinary shares at a price of C\$20.00 per share, which included the exercise of the underwriters' over-allotment option for aggregate gross proceeds of C\$143.8 million (\$109.7 million). The net proceeds of the offering are intended to fund Endeavour's increased exploration strategy, the potential development of the Ity CIL project and general corporate purposes.
- Since the last MD&A and the appointment of Mr. Sébastien de Montessus as CEO following the

Corporation's AGM in June, the Corporation has announced a number of board and executive changes. On August 2, 2016 the Corporation announced that Frank Giustra was stepping down from the board. On October 3, 2016 the Corporation announced that Livia Mahler and Olivier Colom have joined the Corporation as non-executive directors. On October 4, 2016 the Corporation announced further streamlining of its organisational structure with the appointment of Vincent Benoit as Executive Vice President, Chief Financial Officer and Corporate Development. Additionally, the Group's Corporate offices in Monaco, Vancouver and Paris are being consolidated into one new office in London and the Corporation has migrated its tax residency to Monaco.

- On September 6, 2016, the Corporation announced that excellent progress was being made at its Houndé Gold Project in Burkina Faso. The Corporation provided an update on the signing of the mining fleet equipment financing, completion of water harvest dam construction, signing of the power offtake agreement with Sonabel, the construction of the 300-person permanent accommodation village and detailed engineering of the processing facility.
- On September 14, 2016, Endeavour Mining announced a significant discovery at its Ity mine in Cote d'Ivoire. The high-grade Bakatouo discovery is located in proximity to the current Ity mining complex, and is considered to be the extension of the Zia Northeast and Walter deposits. It is envisaged that this deposit has the potential to supply ore to the existing heap leach operation and the potential CIL expansion project.
- Also on September 14, 2016, Endeavour announced that it has consolidated an 80km underexplored corridor on-trend with its Ity mine in Côte d'Ivoire, significantly increasing its holdings in the Ity Birimian district from 178km<sup>2</sup> to 664 km<sup>2</sup>. The new Floleu (104km<sup>2</sup>) and Toulepleu (382km<sup>2</sup>) exploration tenements were obtained on a 100% ownership basis, while the previously 55%-held Tiepleu tenement (153 km<sup>2</sup>) was re-obtained on a 100% basis.

## B. Quarterly highlights for operating assets

The following table summarises data for the operating entities for the quarter and year to date. The gold ounces produced figures include the Youga and Karma mines (disposed in the first quarter and acquired in the second quarter, respectively), whereas these mines are excluded from all other financial data (due to Karma being in pre-commercial production until October 1, and the Youga mine treated as discontinued operations, both of which under IFRS rules preclude them from the revenue and operating cost lines on the consolidated income statement).

**Table 1: Quarterly & YTD key figures for operating entities**

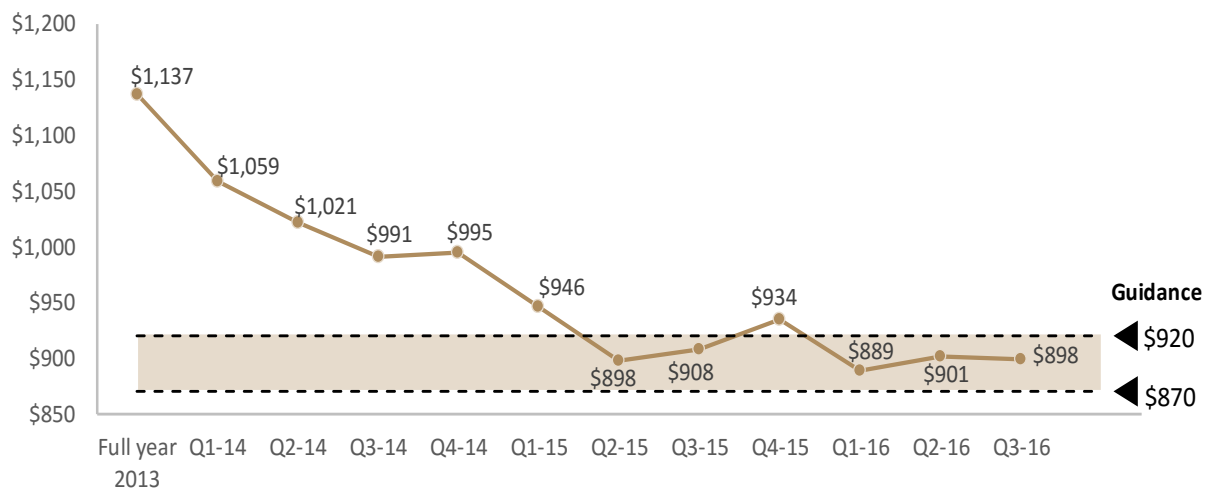
	Three months ended		Nine months ended		
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
<b>Operating Data<sup>1</sup>:</b>					
Gold ounces produced	146,425	138,487	124,893	416,480	379,802
Gold ounces sold	127,507	127,602	123,002	375,886	377,468
Realized gold price (\$/ounce)	1,328	1,257	1,121	1,260	1,178
Cash cost per gold ounce sold (\$/ounce) <sup>2</sup>	682	698	710	690	712
All-in sustaining costs per gold ounce sold (\$/ounce) <sup>2</sup>	898	901	908	896	917
<b>Profit and Loss (\$'000)</b>					
Revenues	169,313	160,373	121,826	473,644	385,073
Operating EBITDA <sup>2</sup>	61,861	55,938	32,280	166,159	110,178
Net Earnings	24,253	(15,416)	6,706	16,693	57,244
Basic earnings (loss) per share attributable to shareholders	0.16	(0.30)	0.08	(0.07)	1.04
Net adjusted earnings (loss) attributable to shareholders <sup>2</sup>	22,909	14,090	(8,272)	51,035	28,908
Net adjusted earnings (loss) attributable to shareholders (\$/share) <sup>2</sup>	0.25	0.18	(0.20)	0.67	0.70
<b>Cash Flow Data (\$'000)</b>					
All-in sustaining margin <sup>2</sup>	54,792	45,372	23,573	136,689	82,792
Non-sustaining capex (includes exploration) <sup>2</sup>	(57,630)	(37,201)	(12,185)	(112,569)	(25,252)
Free cash flow before Houndé, Karma, working capital, interest and taxes <sup>2</sup>	41,078	28,914	13,642	99,796	72,500
Net debt <sup>2</sup>	13,799	82,800	242,429	-	-
Net Debt / EBITDA (LTM) ratio <sup>2</sup>	0.06	0.50	1.72		

1. All operating data for the three and nine month periods ended September 30, 2015 include the results of the Youga mine. For the 2016 periods the only Key Performance Indicator ("KPI") containing the results of the Youga gold mine is gold production for the nine months ended September 2016 as the mine was sold on February 28, 2016 and therefore classified as a discontinued operation from that date onwards. Gold production subsequent to the acquisition of the Karma mine on April 26, 2016 has been included for the three and nine months ended September 30, 2016, however as the mine remains in pre-production at September 30, 2016 all costs have been capitalized and excluded from gold sales.

2. Throughout this MD&A, cash costs, all-in sustaining costs, operating EBITDA, adjusted earnings attributable to shareholders, all-in sustaining margin, non-sustaining capex, free cash flow, net debt and net debt/EBITDA are non-GAAP financial performance measures with no standard meaning under IFRS, further discussed in the section Non-GAAP Measures.

- Gold sales were 127,507 in the third quarter of 2016 and 375,886 ounces for the nine months ended September 30, 2016, with associated revenue of \$169.3 million and \$473.6 million, respectively. The primary driver for increased sales compared to last year are the acquisition of the Ity mine in November 2015, improved throughput and production at Agbaou, and improved realized prices. The Karma mine declared commercial production on October 1, 2016, and has sold 34,141 ounces since the acquisition on April 27 through to September 30, 2016.
- AISC per ounce decreased slightly from the previous quarter at \$898 per ounce in the third quarter of 2016 and \$896 per ounce for the nine months ended September 30, 2016 reflecting management's continued commitment and focus on reducing AISC through operational excellence. The evolution of AISC is in the graph that follows.
- Free cash flow before working capital, interest, taxes and project spend was \$41.1 million for the third quarter of 2016 and \$99.8 million nine months ended September 30, 2016
- Net debt was \$13.8 million as at September 30, 2016, compared with \$82.8 million as at June 30, 2016 and \$242.4 million as at September 30, 2015.

**Figure 1: AISC quarterly history**



Figures are as presented in prior reporting. The Youga Gold Mine is excluded in 2016, following reclassification to discontinued operation. The data also does not include the Karma mine, which has not yet entered commercial production.

### III. GUIDANCE

Following the acquisition of the Karma mine management provided updated 2016 guidance in the second quarter MD&A. Management has reviewed this guidance and has concluded that this assessment remains valid and is therefore unchanged as at September 30, 2016. An outlook for each mine is provided as part of the Operations Review that follows.



## IV. OPERATIONS REVIEW

### A. Health, Safety, Environment and Corporate Responsibility

The Corporation's values and business principles on safety and health underpin its safety and health policy and represent the minimum guidelines for the Corporation and its employees. The Corporation has a zero harm policy which is applied at all sites, and continuous efforts are made to reduce the lost time injury frequency rate ("LTIFR") at all the operations. The following table shows the safety statistics for the nine months ended September 30, 2016.

**Table 2: 2016 EHS Statistics for year to date September 30, 2016**

Incident Category	Tabakoto	Agbaou	Nzema	Karma	Ity	Total
Fatality	2	-	-	-	-	2
Lost Time Injury (LTI)	1	-	-	-	2	3
<b>Total Man Hours</b>	<b>3,072,719</b>	<b>1,848,749</b>	<b>2,146,165</b>	<b>2,383,115</b>	<b>1,713,513</b>	<b>11,164,261</b>
LTIFR <sup>1</sup>	0.33	0.00	0.00	0.00	1.17	0.27

<sup>1</sup> Lost Time Injury Frequency Rate= (Number of LTIs in the Period X 1,000,000)/ (Total man hours worked for the period)

On July 10, 2016, an operator at the Tabakoto underground mine suffered a fall and subsequently passed away. Additionally, on August 25, a Tabakoto employee died after stepping from a slow moving bus. Management has undertaken detailed analysis of the root cause of these incidents, as well as co-operating with the local authorities, to ensure that such events are prevented from recurring. In addition, Endeavour Mining is re-emphasizing to all staff and management that the Corporation puts the highest priority on safe, healthy and environmentally sound work practices and systems, under the guiding principle that no job is so important that it cannot be done safely, and everyone is accountable for their own safety and for that of those around them.

Endeavour Mining views itself as an integral part of the communities in which it operates, as well as a responsible development partner. Endeavour Mining works in collaboration with, and engages government, local communities and outside organizations to ensure it supports economic sustainability and social development, with projects including skills training and educational scholarships, healthcare, water and sanitation, public infrastructure maintenance, institutional capacity building and livelihood programs.

### B. Consolidated reserves and resources

Detailed information regarding reserves and resources is contained in the Corporations Annual Information Form for the year ended December 31, 2015. There have been no changes in estimates since publication of this data and a summary of this information is provided in appendix A.

## C. Continuing operations

### 1. Agbaou Gold Mine, Côte d'Ivoire

The following table summarizes the operating results of the Agbaou Gold Mine for the three months ended September 30, 2016; June 30, 2016, and September 30, 2015, and the nine months ended September 30, 2016, and September 30, 2015.

**Table 3: Agbaou key performance indicators**

	Unit	Three months ended			Nine months ended	
		September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Operating Data						
Tonnes mined	Kt	6,877	5,918	5,037	18,864	15,331
Tonnes of waste mined	Kt	6,226	5,264	4,331	16,741	13,266
Open pit strip ratio	w:o	9.56	8.05	6.13	7.89	6.42
Tonnes milled	Kt	709	743	746	2,106	1,917
Average gold grade milled (grams/tonne)		2.21	2.15	2.00	2.20	2.19
Recovery (%)		96%	97%	96%	97%	97%
Gold ounces produced:		49,384	46,295	43,802	138,444	129,633
Gold ounces sold (A):		51,308	47,638	43,304	139,380	128,921
Financial Data (\$'000')						
Revenues		68,068	60,131	48,592	176,483	152,299
Mining costs-open pit		15,550	11,008	13,189	40,883	40,098
Processing cost		5,043	5,312	4,504	14,143	12,998
G&A cost		3,382	3,396	3,385	9,813	11,866
Waste capital		(2,413)	(1,158)	(683)	(4,525)	(4,626)
Inventory adjustments and other		587	2,196	1,900	(348)	(251)
Total Cash Cost (B)		22,149	20,754	22,295	59,966	60,085
Royalties		2,761	2,037	1,748	6,531	5,431
Sustaining capital <sup>1</sup>		3,324	2,206	1,187	7,973	10,801
Total All-In Sustaining Costs <sup>1</sup> (C)		28,234	24,997	25,230	74,470	76,317
All-In Sustaining Margin <sup>1</sup>		39,834	35,134	23,362	102,013	75,982
Unit cost analysis						
Realized gold price	\$/oz	1,327	1,262	1,122	1,266	1,181
Open pit mining cost per tonne mined	\$/t	2.26	1.86	2.62	2.17	2.62
Processing cost per tonne milled	\$/t	7.11	7.15	6.04	6.72	6.78
G&A cost per tonne milled	\$/t	4.77	4.57	4.54	4.66	6.19
Cash cost per ounce sold <sup>1</sup> D=B/A	\$/oz	432	436	515	430	466
Mine All-In Sustaining Costs <sup>1</sup> E=C/A	\$/oz	550	525	583	534	592

1. Sustaining capital, cash cost per ounce sold, sustaining capital, all-in sustaining costs, all-in sustaining margin and "all-in" sustaining costs per ounce are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.

### Q3-2016 Insights:

- Gold produced and sold increased by 7% and 8% respectively in the third quarter of 2016 compared with the previous quarter despite the negative impact of the rainy season.
- The successful commissioning of the secondary crusher in July provided the flexibility to process higher grade transitional ore, which represented 15% of total ore processed during the quarter.
- The aforementioned higher gold grades and gold-in-circuit balance optimization compensated for lower processed tonnage and recovery rate.
- Revenues of \$68.1 million increased by 13% during the period compared with the previous quarter due to increased gold sales of 3,670 ounces at a realized gold price of \$1,327 in comparison with \$1,262 realised in the prior quarter.
- Sustaining capital of \$3.3m in the quarter consisted primarily of \$2.4m in waste capitalization and \$0.3m spent on the Tailings Storage Facility ("TSF") lift which commenced in the current quarter.

- Cash costs slightly decreased from \$436 to \$432/oz over the previous quarter while AISC increased by 5% to \$550/oz due to greater waste capitalization.

#### Q4-2016 Outlook

- Production is expected to increase due to the improved operating conditions following the end of the rainy season and the benefit of mixing greater quantities of higher grade transitional ore.

## 2. Nzema Gold Mine, Ghana

The following table summarizes the operating results of the Nzema Gold Mine for the three months ended September 30, 2016; June 30, 2016, and September 30, 2015, and the nine months ended September 30, 2016, and September 30, 2015.

**Table 4: Nzema key performance indicators**

	Unit	Three months ended			Nine months ended	
		September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Operating Data:						
Tonnes mined	Kt	2,848	1,852	1,323	6,410	6,707
Tonnes of waste mined	Kt	2,626	1,639	1,092	5,698	5,676
Open pit strip ratio	w:o	11.83	7.69	4.73	8.00	5.51
Purchased Ore processed	Kt	141	112	185	332	370
Purchased Ore grade (grams/tonne)		3.23	2.97	3.13	3.11	4.06
Tonnes milled	Kt	424	450	450	1,333	1,337
Average gold grade milled (grams/tonne)		2.40	1.63	2.15	1.77	2.34
Recovery (%)		82%	86%	85%	85%	87%
Gold ounces produced:		24,279	19,800	27,405	63,836	87,226
Gold ounces sold (A):		23,526	19,827	28,072	63,462	87,878
Financial Data (\$'000')						
Revenues		31,391	24,906	31,454	79,987	103,407
Mining costs-open pit		11,857	9,992	6,996	30,958	30,702
Processing cost		6,032	5,541	6,309	17,151	19,790
G&A cost		2,620	2,837	2,748	8,746	8,992
Purchased Ore		7,817	5,574	8,490	17,162	26,250
Waste capital		(5,055)	(3,735)	(841)	(10,531)	(7,337)
Inventory adjustments and other		1,144	3,065	841	6,247	(2,303)
Total Cash Cost (B)		24,415	23,274	24,543	69,733	76,094
Royalties		1,651	1,322	1,768	4,198	5,890
Sustaining capital <sup>1</sup>		670	506	2,083	1,212	9,942
Total All-In Sustaining Costs <sup>1</sup> (C)		26,736	25,102	28,394	75,143	91,926
All-In Sustaining Margin <sup>1</sup>		4,655	(196)	3,060	4,844	11,481
Unit cost analysis						
Realized gold price	\$/oz	1,334	1,256	1,120	1,260	1,177
Open pit mining cost per tonne mined	\$/t	4.16	5.40	5.29	4.83	4.58
Processing cost per tonne milled	\$/t	14.23	12.31	14.02	12.87	14.80
G&A cost per tonne milled	\$/t	6.18	6.30	6.11	6.56	6.73
Cash cost per ounce sold <sup>1</sup> D=B/A	\$/oz	1,038	1,174	874	1,099	866
Mine All-In Sustaining Costs <sup>1</sup> E=C/A	\$/oz	1,136	1,266	1,011	1,184	1,046

1. Sustaining capital, cash cost per ounce sold, sustaining capital, all-in sustaining costs, all-in sustaining margin and "all-in" sustaining costs per ounce are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.

### **Q3-2016 Insights:**

- The Nzema Gold Mine concluded on an improved third quarter with an increase in gold production and sales of 23% and 19% from the prior quarter.
- Both the production and AISC profile improved during the quarter due to the continued ramp-up of purchased ore with better grades from more suppliers, improved grades from the Adamus pit ahead of the cut-back completion and contribution of the Nugget Hill deposit.
- Revenues were 26% higher than the previous quarter as a result of the improved gold prices and the additional 3,699 ounces sold.
- AISC per ounce was 10% lower than the previous quarter as a result of increased ounces sold and a focus on cost management. Mining costs of \$4.16 cost per tonne mined compared to \$5.40 in the previous quarter on account of optimized grade control activities, shallow depth of Nugget Hill ore, and volume benefit of accelerating the push back mining. Processing costs were affected by cyclical maintenance spend.
- AISC has improved but remains high due to the impact of processing lower grade stockpiles to help fill the mill while the Adamus cut-back is still in progress.
- The Adamus pit push-back is progressing on budget and on schedule with 3Mt out of a planned 4.5Mt already completed for a total spend of \$10.5 million classified as non-sustaining capital.

### **Q4-2016 Outlook**

- Both production and AISC are expected to improve due to higher expected grades from the Adamus pit and the continued purchased ore tonnage and grade ramp-up.
- The Nugget Hill satellite deposit is expected to continue to further complement production, although its recovery rate is lower than that of the Adamus pit.

### 3. Tabakoto Gold Mine, Mali

The following table summarizes the operating results of the Tabakoto Gold Mine for the three months ended September 30, 2016; June 30, 2016, and September 30, 2015, and the nine months ended September 30, 2016, and September 30, 2015.

**Table 5: Tabakoto key performance indicators**

	Unit	Three months ended			Nine months ended	
		September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Operating Data						
Tonnes mined- Open pit	Kt	1,569	1,704	2,129	5,505	6,909
Tonnes of waste mined - Open pit	Kt	1,409	1,556	2,006	5,051	6,526
Open pit strip ratio	w:o	8.81	10.51	16.31	11.13	17.04
Tonnes mined- Underground	Kt	302	315	377	977	1,227
Ore tonnes mined - Underground	Kt	238	221	255	691	794
Tonnes milled	Kt	381	399	408	1,186	1,195
Average gold grade milled (grams/tonne)		3.11	3.31	2.99	3.17	3.05
Recovery (%)		95%	95%	93%	94%	93%
Gold ounces produced:		37,019	39,372	36,373	114,933	109,521
Gold ounces sold (A):		37,324	39,156	37,298	114,750	110,227
Financial Data (\$'000')						
Revenues		49,482	49,086	41,780	143,815	129,367
Mining costs- Open pit		5,892	6,527	7,541	19,107	18,327
Mining costs- Underground		15,880	15,740	18,727	47,356	49,407
Processing cost		8,600	8,470	9,957	25,377	27,344
G&A cost		4,680	4,519	7,815	14,568	20,159
Waste capital		(2,700)	(4,154)	(17,875)	(13,007)	(27,462)
Inventory adjustments and other		1,034	1,339	1,539	3,335	2,970
Total Cash Cost (B)		33,386	32,441	27,704	96,736	90,745
Royalties		2,962	2,951	2,493	8,613	7,731
Sustaining capital <sup>1</sup>		3,610	6,134	8,302	17,112	17,024
Total All-In Sustaining Costs <sup>1</sup> (C)		39,958	41,526	38,499	122,461	115,500
All-In Sustaining Margin <sup>1</sup>		9,524	7,560	3,281	21,354	13,867
Unit cost analysis						
Realized gold price	\$/oz	1,326	1,254	1,191	1,253	1,201
Open pit mining cost per tonne mined	\$/t	3.76	3.83	3.54	3.47	2.65
Underground mining cost per tonne mined	\$/t	52.58	49.97	49.67	48.47	40.27
Processing cost per tonne milled	\$/t	22.57	21.23	24.40	21.40	22.88
G&A cost per tonne milled	\$/t	12.28	11.33	15.68	12.28	15.66
Cash cost per ounce sold <sup>1</sup> D=B/A	\$/oz	894	829	743	843	823
Mine All-In Sustaining Costs <sup>1</sup> E=C/A	\$/oz	1,071	1,061	1,032	1,067	1,048

1. Sustaining capital, cash cost per ounce sold, sustaining capital, all-in sustaining costs, all-in sustaining margin and "all-in" sustaining costs per ounce are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.

### Q3-2016 Insights:

- Gold produced and sold was 6% and 5% lower in the third quarter of 2016 compared to the previous quarter predominantly due to a reduction in mill throughput caused by maintenance shutdowns and a decrease in grade at Segala as foreseen by the mine plan which is expected to increase in Q4-2016.
- Improved equipment availability and underground mining efficiency resulted in a 7% increase in total ore tonnes mined, marking the first time in over a year that mine extraction was greater than mill throughput.
- Revenues were 1% higher than the previous quarter due to the improvement in the gold price environment.
- AISC per ounce were in line with the previous period as a lower strip ratio and reduced sustaining capital expenditures counterbalanced the decrease in average grade processed while unit costs remained consistent.

- Sustaining capital expenditures in the quarter were primarily related to underground mining development of \$2.4 million with the remaining spend on other machinery rebuilds.

#### **Q4-2016 Outlook**

- In the fourth quarter of 2016 management expects higher production with the end of the rainy season, higher grades from Segala and increased mill throughput.

#### 4. Ity Gold Mine, Côte d'Ivoire

Endeavour Mining acquired the Ity Gold Mine in Côte d'Ivoire in November 2015 as part of the strategic partnership with La Mancha and the Sawiris family. The following table summarizes the operating results of the Ity Gold Mine for the three months ended September 30, 2016 and June 30, 2016, and the nine months ended September 30, 2016.

**Table 6: Ity key performance indicators**

	Unit	Three months ended		Nine months ended
		September 30, 2016	June 30, 2016	September 30, 2016
Operating Data:				
Tonnes mined	Kt	948	1,584	4,630
Tonnes of waste mined	Kt	748	1,201	3,760
Open pit strip ratio	w:o	3.74	3.14	4.32
Tonnes of ore stacked	Kt	271	304	878
Average gold grade stacked (grams/tonne)		1.90	2.10	2.20
Recovery (%)		91%	101% <sup>2</sup>	94%
Gold ounces produced:		15,334	20,729	58,387
Gold ounces sold (A):		15,349	20,981	58,294
Financial Data (\$'000')				
Revenues		20,372	26,251	73,359
Mining costs-open pit		3,878	4,450	13,998
Processing cost		3,588	4,841	13,382
G&A cost		3,538	2,154	8,955
Waste capital		(3,149)	-	(3,149)
Inventory adjustments and other		(854)	1,187	(168)
Total Cash Cost (B)		7,001	12,632	33,018
Royalties		832	919	2,683
Sustaining capital <sup>1</sup>		3,276	2,709	7,270
Total All-In Sustaining Costs <sup>1</sup> (C)		11,109	16,260	42,971
All-In Sustaining Margin <sup>1</sup>		9,263	9,991	30,388
Unit cost analysis				
Realized gold price	\$/oz	1,327	1,251	1,258
Open pit mining cost per tonne mined	\$/t	4.09	2.81	3.02
Processing cost per tonnes stacked	\$/t	13.24	15.92	15.24
G&A cost per tonnes stacked	\$/t	13.06	7.09	10.20
Cash cost per ounce sold <sup>1</sup> D=B/A	\$/oz	456	602	566
Mine All-In Sustaining Costs <sup>1</sup> E=C/A	\$/oz	724	775	737

1. Sustaining capital, cash cost per ounce sold, sustaining capital, all-in sustaining costs, all-in sustaining margin and "all-in" sustaining costs per ounce are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.

2. The greater than 100% recovery rate in the second quarter reflects the cyclical nature of heap leach processing recovery rates.

#### **Q3-2016 Insights:**

- Gold produced and sold decreased by 26% and 27% during the current quarter compared with the previous period largely due to heavy seasonal rains which significantly effected mining, evident by the 40% decrease in mined tonnes quarter over quarter along with an 11% decrease in tonnes stacked.
- Additionally, in line with expectations production and AISC were also impacted by decreased grades due to the processing of lower-grade stockpiles during the rainy season and higher mining costs related primarily to having to pump more water out of the mines. Revenue decreased by 22% from the

comparable second quarter as a result of the 27% decrease in gold sales partially offset by the 7% increase in the realized gold price.

- Despite the rainy season, AISC per ounce decreased by 7% to \$724 compared to \$775 in the previous quarter due to a lower operating strip ratio and the classification of pre-strip mining costs related to the new Zia pit as non-sustaining capital (\$0.7m). Rainy season mitigation measures including increased pumping activities offset some of the cost decreases.
- Sustaining capital of \$3.3 million at Ity was primarily a result of \$2.4 million of waste capitalization.

#### **Q4-2016 Outlook**

- Production is expected to increase in line with its historical cyclical pattern after the rainy season.



## D. Discontinued operations

### 1. Youga Gold Mine, Burkina Faso

On February 29, 2016 the Corporation announced that it had sold the Youga Gold Mine in Burkina Faso for \$22.1 million (\$25.3 million gross proceeds net of \$3.2 million cash disposed of with the mine) whilst retaining a 1.8% Net Smelter Royalty (“NSR”) on production realized beyond the mineral reserve as at December 31, 2015 from the property sold and with the inclusion of a buyback provision for the NSR, in favour of the purchaser.

The Corporation, in accordance with IFRS, has classified Youga as discontinued operations in the current and comparable periods. The following table summarizes the abbreviated operating results of the Youga Gold Mine for the two months ended February 29, 2016, the three months ended September 30, 2015, and the nine months ended September 30, 2015.

**Table 7: Youga key performance indicators**

	Unit	Period ended February 29, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2015
<b>Operating Data</b>				
Tonnes mined	Kt	1,145	2,529	6,249
Tonnes of waste mined	Kt	950	2,219	5,188
Open pit strip ratio	w:o	4.87	7.16	4.89
Tonnes milled	Kt	181	277	783
Average gold grade milled (grams/tonne)		1.50	2.13	2.27
Recovery (%)		89%	90%	91%
Gold ounces produced:		8,179	17,313	53,422
Gold ounces sold (A):		6,578	14,328	50,442
<b>Financial Data (\$'000')</b>				
Revenues		7,457	16,033	59,480
Mining costs-open pit		3,717	8,382	24,125
Processing cost		3,398	5,137	15,947
G&A cost		1,487	2,303	6,914
Waste capital		-	-	-
Inventory adjustments		(1,976)	(3,275)	(6,250)
Other		285	270	1,045
Total Cash Cost (B)		6,911	12,817	41,781
Royalties		327	641	2,258
Sustaining capital <sup>1</sup>		5	186	760
Total All-In Sustaining Costs (C)		7,243	13,644	44,799
All-In Sustaining Margin		214	2,389	14,681
<b>Unit cost analysis</b>				
Realized gold price	\$/oz	1,134	1,119	1,179
Open pit mining cost per tonne mined	\$/t	3.25	3.31	3.86
Processing cost per tonne milled	\$/t	18.77	18.55	20.37
G&A cost per tonne milled	\$/t	8.22	8.31	8.83
Cash cost per ounce sold <sup>1</sup> D=B/A	\$/oz	1,051	895	828
Mine All-In Sustaining Costs <sup>1</sup> E=C/A	\$/oz	1,101	952	888

1. Sustaining capital, cash cost per ounce sold, sustaining capital, all-in sustaining costs, all-in sustaining margin and “all-in” sustaining costs per ounce are non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.

The Youga mine recovered a total of over 600,000 ounces of gold since operations commenced in 2008.

## E. Pre-production review

### 1. Karma Gold Mine, Burkina Faso

**Table 8: Karma key performance indicators**

		Three months ended	Post acquisition period ended
	Unit	September 30, 2016	September 30, 2016
Operating Data:			
Tonnes mined	Kt	3,040	4,730
Tonnes of waste mined	Kt	2,390	3,634
Open pit strip ratio	w:o	3.68	3.32
Tonnes of ore stacked	Kt	570	927
Average gold grade stacked (grams/tonne)		1.21	1.18
Recovery (%)		90%	90%
Gold ounces produced:		20,409	32,701
Gold ounces sold:		19,476	34,141
Financial Data (\$'000')			
Gold proceeds capitalised		14,647	34,146
Operating expenses capitalized		11,948	21,522
Non-sustaining capital spend		3,877	13,315

On March 4, 2016, Endeavour announced that it had entered into a definitive arrangement agreement to acquire True Gold Mining. This transaction was completed on April 26, 2016. The primary asset acquired as part of this transaction was the Karma mine. Key features of the Karma mine are as follows:

- The mine is located in north-central Burkina Faso, near the city of Ouahigouya. The Corporation owns a 90% interest, with the remaining 10% owned by the Burkina Faso government.
- The mine includes nine identified gold deposits and has reserves of 0.9 million ounces, measured and indicated resources (inclusive of reserves) of 2.6 million ounces and additional inferred resources of 2.4 million ounces.
- The mine is a shallow open pit with a low strip ratio and free dig ore. Ore is processed using heap leach facilities with an expected rate of gold recovery of 87%, as per the published feasibility study.
- Karma hosts a target-rich landscape with the essential hallmarks of a multi-deposit environment. The property consists of nine contiguous exploration permits (Goulagou, Rambo, Kao, Rouna, Youba, and Tougou) totaling more than 856 km<sup>2</sup> and includes more than 45 high-priority targets with high-grade rock values associated with gold-in-soil anomalies and historical workings that remain untested to date.

#### *Project update at September 30, 2016*

- On April 11, 2016, the Karma mine announced that it achieved its first gold pour, a few weeks after the start of leaching of ore.
- Production continued to ramp up during Q3-2016 and is currently at the annual run-rate of approximately 90koz of gold per annum.
- Commercial production was declared at Karma on October 1, 2016.
- Lower production costs to date confirm operations have the potential to be in line with the investment case target within the low \$700's per ounce for AISC.
- Recovery rates have reached 90% which is higher than the forecast recovery rates of 87% in the DFS for Karma.

- Costs are currently benefiting from low maintenance costs due to the mine just starting operations, favourable energy costs, favourable administrative costs as the mine transitions from construction to operations, and current capital costs being primarily non-sustaining, project completion capital. Mining costs remain below the feasibility costs due to proximity of the pits and shallow depth of current mining.
- Mining was primarily from the Goulagou II pit, but late in September mining began in the Rambo pit and is expected to continue through the fourth quarter.
- Mining and processing costs during the quarter amounted to respectively \$1.30/t moved and \$8.81/t stacked, favorable comparing to DFS assumptions. Production is expected to increase in the fourth quarter with an increase in ore stacking capacity and other ongoing optimizations as the mine ramps up. Capacity at the process is expected to increase to 4.0mtpa by the middle of 2017 following the replacement of the front-end and other mill optimization activities. The capex for mill improvements is expected to be \$32 million with plans to incur these costs over the next nine months.
- A 50-man temporary camp has been completed while a 200-man permanent camp construction project is underway, with expected completion in the first half of 2017.
- Pre-commercial production revenue and costs have been offset against the mineral interest on the balance sheet. As a result of continuing construction activity, \$15.8 million and \$34.8 million of costs were capitalized as pre-production costs and capital for the three and nine months ended September 30, 2016. Commercial production is only deemed to have commenced when a mining interest is capable of operating at levels intended by management. As these conditions were not met during the current quarter the Karma mine was classified as a construction project for reporting purposes, and expenditure incurred on the Karma mine are capitalized accordingly. With the optimization of the front-end facilities in progress and the operations well analyzed, commercial production was declared effective October 1, 2016.

## F. Development project review

### 1. Houndé Project, Burkina Faso

Endeavour's 90%-owned Houndé project is an open pit mine with a 3.0Mt per annum gravity circuit Carbon-In-Leach plant. During 2015 and early 2016, a thorough review and optimization of the Houndé Project was completed and an implementation plan was established. The mining and ore processing schedules remained unchanged since February 2015, while the operating and capital costs were fully scoped and optimized. Construction began in April 2016 and is progressing on-time and on-budget with the first gold pour expected during the fourth quarter of 2017. The initial capital cost is estimated at \$328 million, inclusive of \$47 million for the owner-mining fleet.

During the nine months ended September 30, 2016, \$61.1 million (\$45.2 million on project development and \$15.9 million incurred through capital project working capital) was incurred on the project and work was focused on the following areas.

- Construction is progressing on-time and on-budget. Procurement is approximately 60% complete with total capital commitments incurred amounting to \$170 million (inclusive of expenditures made to date).
- Full back-up power station has been tendered with CAT 26MW of redundancy. Financing negotiations are currently underway and are expected to conclude during Q4-2016.
- CIL ring beam concrete pour was achieved in early August, two weeks ahead of schedule.
- Mining fleet equipment financing was signed with Komatsu Ltd., with some deliveries already on-site, and machinery commissioned and operational.
- Water harvest dam construction has been completed and water is already being pumped to the water storage dam two months ahead of schedule.
- Construction of the 300-person permanent accommodation village is 52% complete and on-schedule for completion in Q1-2017.

- Procurement has been completed for the 38km long 91kv overhead power line and clearing commenced as scheduled in October 2016.
- Detailed engineering of the processing facility is progressing ahead of schedule and is 65% complete, and is scheduled to be completed in mid-November 2016.
- 1,058 personnel including contractors are currently employed on-site of which over 96% are Burkinabe.
- Over 800,000 man-hours have been worked without a Lost Time Injury (LTI) or Medical Treatment Injury (MTI).
- The land compensation process has been successfully completed and resettlement is underway, with all approvals in place.

Once in production, the Houndé Project will become the Company's flagship low-cost mine, ranking amongst West Africa's top tier cash generating mines, with an average annual production of 190,000 ounces at an AISC of \$709 per ounce over an initial 10-year mine life based on reserves. Moreover, in its first four years, the average annual production is expected to be 235,000 ounces at an AISC of \$610 per ounce. Endeavour will employ up to 1,800 people during Houndé's construction phase and 470 once the project reaches commercial production, with an objective of employing 90% Burkinabe nationals and a focus on increasing female employment in the region.

**Table 9: Houndé Project Highlights**

<b>Ownership</b>		<b>90% Endeavour, 10% Burkina Faso</b>
<b>Reserve and Resources</b>		
P+P Reserves		31Mt at 2.1 g/t Au for 2.1Moz
M+I Resources (inclusive of reserves)		38Mt at 2.1 g/t Au for 2.5Moz
Inferred Resources		3Mt at 2.6 g/t Au for 0.3Moz
<b>Mine type</b>		Open pit
<b>Mill type</b>		Gravity / CIL plant
<b>Production</b>		
Mine life, current plan		10 years
Strip ratio, W:O		8.4
Processing rate		3.0 Mtpa
Average LOM Recovery rate		93%
Total LOM gold production		1,906 koz
Average annual production		190 koz
<b>Average LOM AISC</b>		\$709/oz
<b>Upfront Capital</b>	<b>\$328m, inclusive of \$47m for owner mining fleet</b>	

**Table 10: Hounde Project Economics**

Gold Price (US\$/oz.)	\$1 150	\$1 200	\$1 250	\$1 300	\$1 350
After-tax Project NPV <sub>5%</sub>	\$230	\$286	\$342	\$398	\$437
After-tax Project IRR	24%	28%	32%	36%	39%
Payback, years	2.7	2.4	2.2	2.0	1.8

## 2. Ity CIL Project, Côte d'Ivoire

Endeavour Mining acquired the Ity CIL Project in Côte d'Ivoire in 2015, as part of the strategic partnership with La Mancha and the Sawiris family.

In 2014, a pre-feasibility study ("PFS") to replace the current heap leach plant with a greenfields CIL plant was completed using a processing rate of 1.5 Mt per annum based on indicated mineral resources at the time. Following the positive PFS results, in late 2014 and early 2015, the La Mancha Group conducted drilling programs at the Daapleu, Zia NE and Mont Ity deposits that were designed to upgrade all inferred material from the latest resource estimate to Indicated, as well as to delineate each deposit further along strike. The resulting resource estimate update yielded a significant increase in indicated mineral resources for all three areas, increasing measured and indicated mineral resources to 3.1 million ounces. An updated PFS was completed in July 2015 for the CIL Project using a processing rate of 2.0 Mt per annum.

During 2016, Endeavour's Projects Group, together with Lycopodium Minerals and alongside Endeavour's other trusted consultants, such as Knight Piesold, Kalsta, Peter O'Brien & Associates and ECG Engineering, focused on undertaking a definitive feasibility study focusing on the following key areas.

- Completion of the Geological Resource models
- Further metallurgical testing of the 12 different rock types of the Ity project
- Hydrogeological modelling
- Assessing the current infrastructure design and location and the life of mine plans
- Revising the mining methods and fleet to be utilized
- Assessment and optimization of the operating costs
- Reviewing opportunities of common synergy with Agbaou and Houndé
- Establishing power supply options

During the nine months ended September 30, 2016 Endeavour spent \$1.8 million on the Ity CIL project, primarily associated with design and Definitive Feasibility Study ("DFS") works, project management and site related study costs. Endeavour has continued to perform further work on the project and expects to complete the Ity CIL DFS early in the fourth quarter of 2016.

## G. Exploration Review

A global strategic exploration review was performed during the first half of 2016, and all producing and exploration properties have been analyzed and ranked, and a strategic exploration plan is being finalized. Following the first phase of this strategic review, additional funding has been allocated to boost and accelerate the resources definition for Tabakoto, the greater Ity Area and regional Cote d'Ivoire exploration in the second half of 2016. As a result, the exploration budget has been increased from \$20 million to \$28 million in the full year 2016. Total exploration spend for the three and nine months ended September 30, 2016 was \$11.2 million and \$22.8 million.

Exploration activity for the nine months to date focused on the following activities:

### 1. Agbaou, Côte d'Ivoire

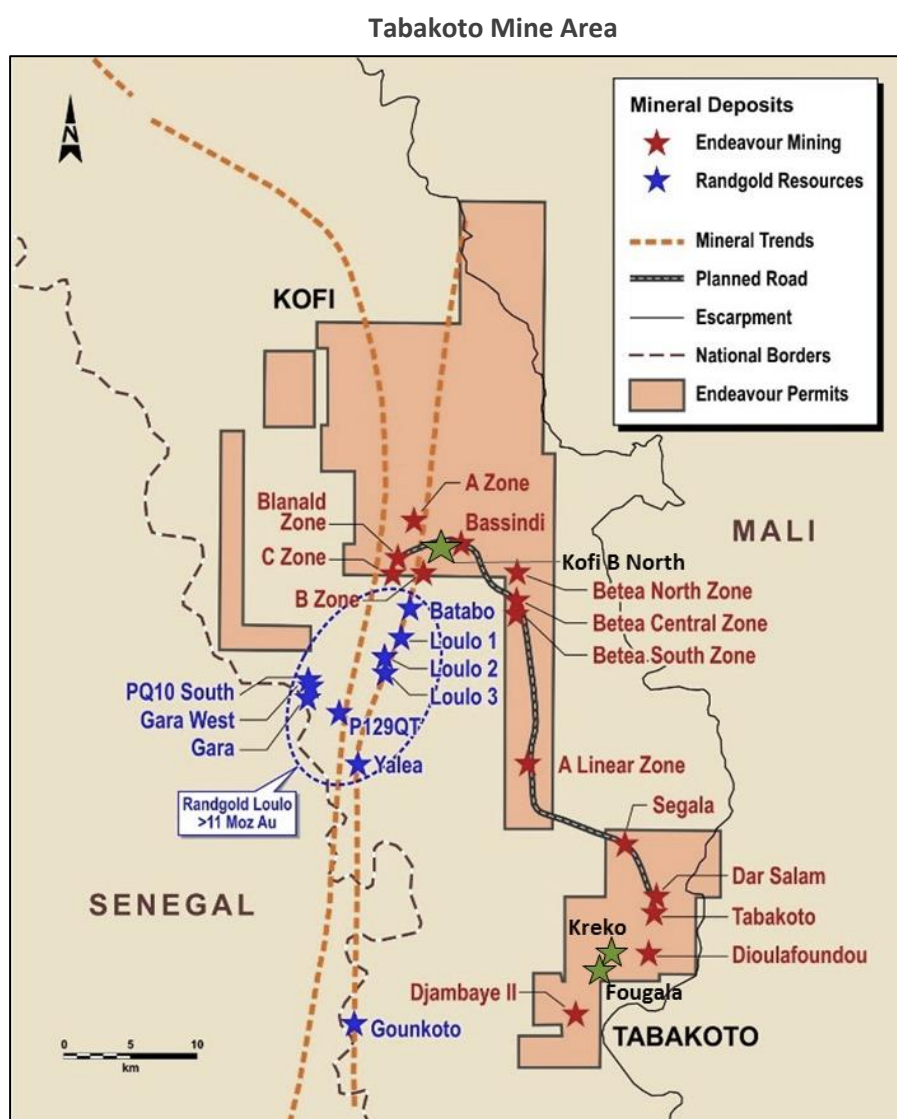
- The 2016 exploration campaign is focused on the North pit and South pit extensions, the Agbaou South target, and on generating targets beyond the current resource boundaries. The drill program commenced in April based on previous geophysics and soil geochemistry results.
- More than 12,900 meters had been drilled by the end of September, representing approximately 25% of the exploration program which is expected to be completed by mid-2017.
- Initial drill results suggest the extension of mineralized zones, which will be followed up with further drilling.





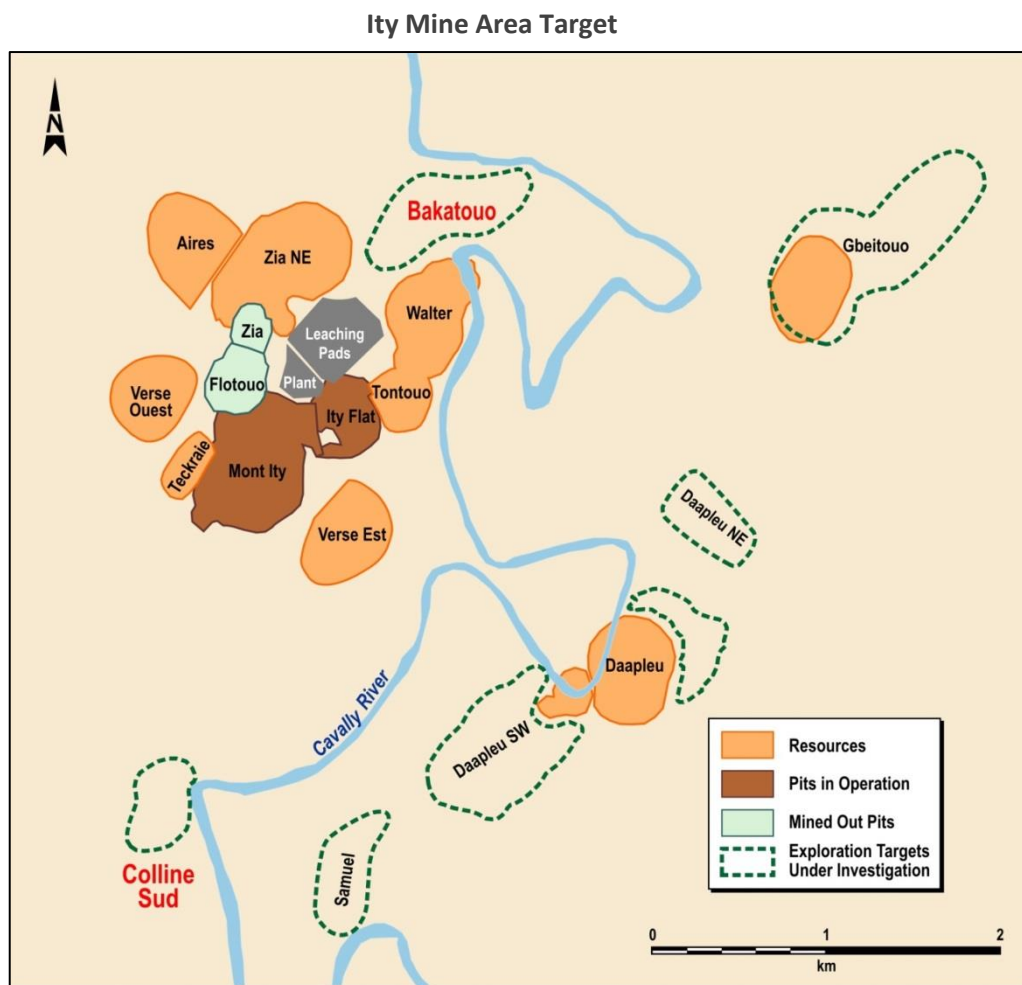
## 2. Tabakoto Gold Mine, Mali

- A first exploration program on open-pit targets, consisting of 72,900 meters of RC and DD drilling and 1,311 Auger holes was completed in Q3-2016.
- At the Kofi North open-pit target, a drilling program consisting of 244 RC and 1,311 Auger holes was completed, with drill results currently being analyzed.
- At the Tabakoto, Fougala and Kreko open-pit targets, an initial shallow RC program totaling 344 holes was completed during Q3-2016 which confirmed two mineralized trends. A second phase drill program was then launched to follow-up.
- Underground exploration programs are ongoing with 22,400 meters of diamond drilling completed to date at the Tabakoto and Segala underground mines.



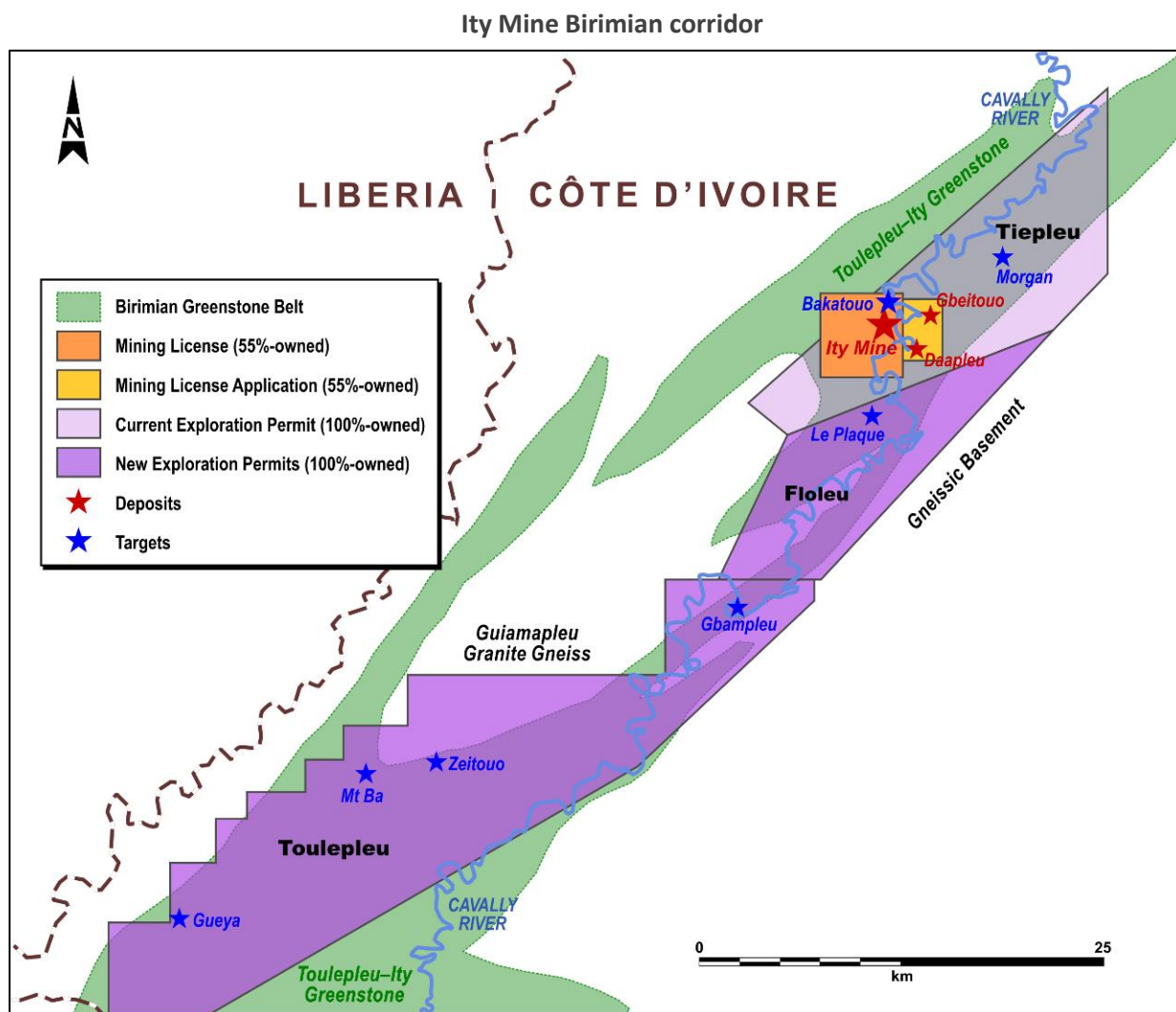
### 3. Ity Gold Mine, Côte d'Ivoire

- In 2016 exploration is focused on drilling previously identified oxide targets to prolong the life of the heap leach operation, and drill new targets with the aim of delineating additional resources for the CIL project.
- Since the start of 2016, a total of 44,000 meters have been drilled and the Bakatouo and Colline Sud discoveries have been announced in recent weeks.
- A maiden resource estimate is expected for the Bakatouo and Colline Sud discoveries, both of which have the potential to extend mine life at the existing heap leach operations and to improve the economics of the Ity CIL project.
- Endeavour intends to resume exploration in and around the Ity mine after the end of the rainy season in November, with up to six drill rigs expected to be operational. A follow-up 3,700 meter RC and DD drilling program is planned on Colline Sud to test the extensions and conduct infill drilling. In addition, an 8,000 meter DD drilling campaign is also planned on Bakatouo.
- A 21,400m Auger drilling program was also completed in Q3-2016 which identified several new targets within five kilometers of the exiting mill, which are also being explored.



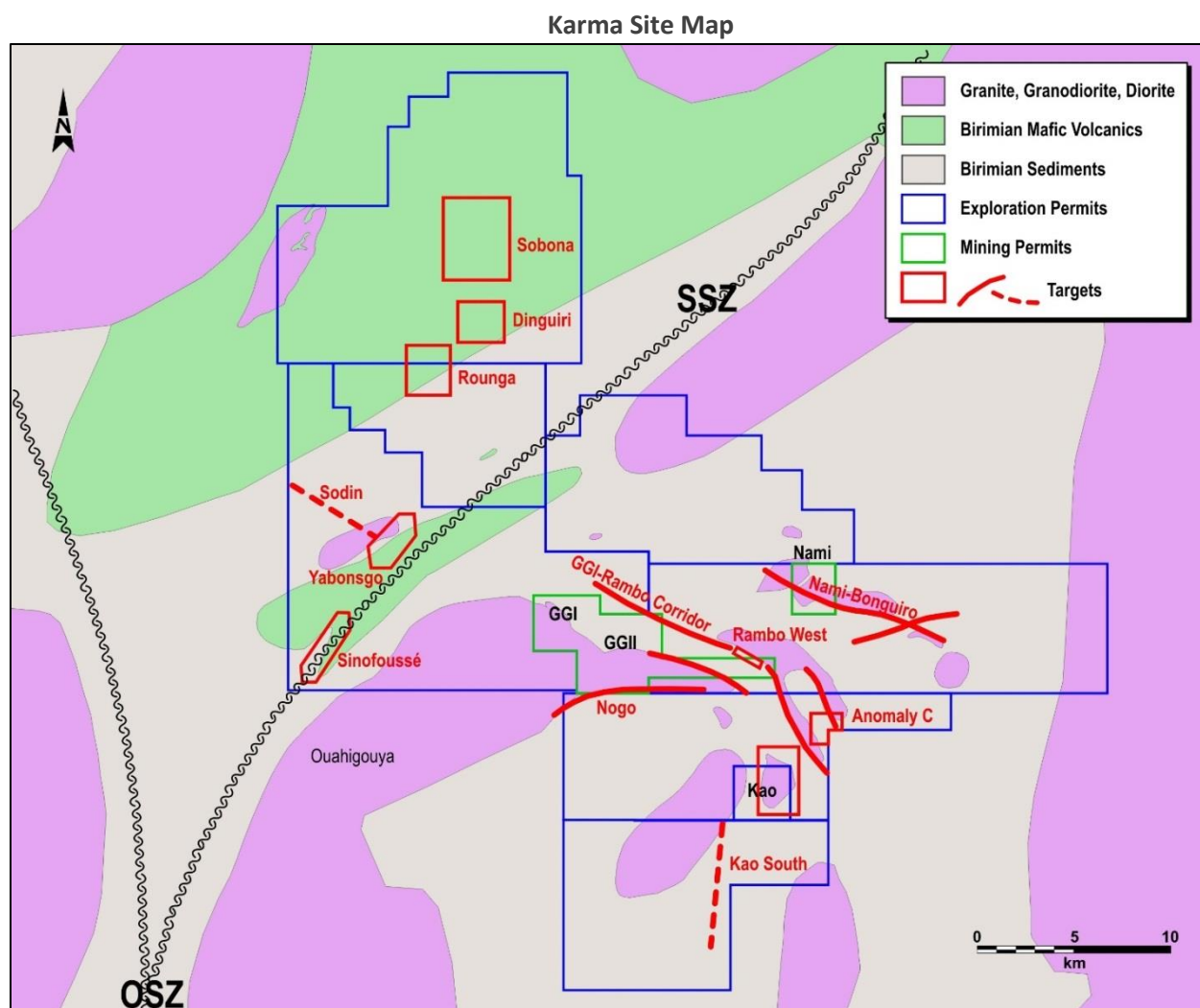


- In September 2016, an 80km underexplored portion of the Birimian corridor along the Ity trend was secured for future exploration, as shown in the map below.



#### 4. Karma Gold Mine, Burkina Faso

- Exploration at Karma is underway with a target of increasing mine life to beyond 10 years by the end of 2016.
- A 60,000 meter program at Kao North began in July 2016 with the goal of extending mineralization and mine life by up to 2.5 years. This drilling program is expected to be completed by the end of 2016.



#### 5. Houndé Project, Burkina Faso

- Exploration expects to resume in 2017.

#### 6. Nzema Gold Mine, Ghana

- No significant exploration activity is underway.

## V. RESULTS FOR THE PERIOD

### A. Statement of comprehensive income

**Table 11: Statement of comprehensive income**

	Three months ended		Nine months ended		
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
<b>Gold Revenue</b>	<b>169,313</b>	<b>160,373</b>	<b>121,826</b>	<b>473,644</b>	<b>385,073</b>
Operating expenses	(87,856)	(87,496)	(76,265)	(259,337)	(229,151)
Depreciation and depletion	(21,607)	(21,781)	(19,057)	(69,612)	(53,923)
Royalties	(8,206)	(7,229)	(6,009)	(22,025)	(19,052)
<b>Earnings from mine operations</b>	<b>51,644</b>	<b>43,867</b>	<b>20,495</b>	<b>122,670</b>	<b>82,947</b>
Corporate costs	(5,984)	(5,595)	(4,744)	(16,405)	(13,177)
Transaction and restructuring costs	(6,558)	(16,773)	-	(24,580)	-
Share based expenses	(2,886)	(3,162)	(660)	(8,603)	(2,900)
Exploration	(2,520)	(953)	(106)	(4,388)	(1,171)
<b>Earnings from operations</b>	<b>33,696</b>	<b>17,384</b>	<b>14,985</b>	<b>68,694</b>	<b>65,699</b>
(Losses)/gains on financial instruments	3,608	(21,135)	(869)	(20,403)	2,988
Finance costs	(6,049)	(6,304)	(7,077)	(19,197)	(23,704)
Other income (expenses)	-	180	(515)	270	(379)
<b>Earnings (loss) from continuing operations before taxes</b>	<b>31,255</b>	<b>(9,875)</b>	<b>6,524</b>	<b>29,364</b>	<b>44,604</b>
Current income tax	(3,835)	(2,975)	(699)	(9,152)	(2,426)
Deferred taxes recovery (expense)	(3,167)	(2,566)	(880)	(246)	5,622
<b>Net (loss)/earnings from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>1,761</b>	<b>(3,273)</b>	<b>9,444</b>
<b>Total net and comprehensive earnings (loss)</b>	<b>24,253</b>	<b>(15,416)</b>	<b>6,706</b>	<b>16,693</b>	<b>57,244</b>

The explanations for the key variances are as follows:

- Revenues were \$169.3 million in the third quarter of 2016 and \$473.6 million for the year to date. The primary driver for these increases are the purchase of the Ity mine in November 2015 and improving throughput at Agbaou, combined with improving commodity prices.
- Operating expenses for the third quarter of 2016 were \$87.9 million and \$259.3 million for the year to date. The upward trend since 2015 reflects increased volumes.
- Depreciation and depletion for the third quarter of 2016 was \$21.6 and \$69.6 million for the year to date. The upward trend since 2015 is due to the increased mining which directly contributes to the depreciation expense.
- Corporate costs for the third quarter of 2016 were \$6.0 million and \$16.4 million for the year to date, and remain in line with guidance. The increase in corporate costs from 2015 is primarily due to increased activity levels following the two recent acquisitions but expected to stabilize with the drive by management in transitioning to a more streamlined management structure.
- Transaction and restructuring costs for the third quarter of 2016 were \$6.6 million and \$24.6 million for the year to date. These costs are associated with the purchase of True Gold (\$6.2 million), combined with Board and executive level restructuring costs, as well office consolidations (\$18.3 million).
- Share based payments expense were \$2.9 million for the third quarter of 2016 and \$ 8.6 million for the year to date. The consistent upward trend in this item quarter over quarter reflects the increase in the share price, combined with a higher level of instruments outstanding compared to the 2015 periods.
- Exploration costs were \$2.5 million for the third quarter of 2016 and \$4.4 million for the year to date reflecting the portion of this activity which was not allocated to capital expenditure. The increase from 2015 is due to increased levels of early stage greenfield exploration programs.
- Gains on financial instruments for the third quarter of 2016 were \$3.6 million and a loss of \$ 20.4 million for the year to date. The key reason for these charges in unrealized losses for the year to date are

primarily associated with increased gold prices leading to losses on the legacy hedge instruments, as well the gold revenue protection program entered into in April 2016 associated with the Hounde construction decision and movements on balances denominated in foreign currency.

- Finance costs were \$6.0 million for the third quarter of 2016 and \$19.2 million for the year to date. The primary elements of this charge in the quarter relates to \$1.6 million of loan interest and \$3.6 million related to finance related expenses, and the decrease from 2015 is due to lower drawn credit line balances.
- The current income and deferred tax expense for the third quarter of 2016 was \$7.0 million and a \$9.4 million expense for the year to date. The current tax increase year to date in 2016 is on account of the tax paying and profitable Ity mine added to the group portfolio. The key reason for the deferred tax movements are primarily due to temporary differences between the accounting and tax treatment of depreciation as well certain expenditures.

## B. Cash flow

The following table reconciles the AISC margin and free cash flow to the year over year and quarterly change in cash.

**Table 12: Free cash flow<sup>1</sup>**

\$(000's)	Three months ended		Nine months ended		
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Revenue	169,313	160,373	121,826	473,644	385,073
Total cash costs	(86,951)	(89,122)	(74,542)	(259,453)	(226,925)
Royalties	(8,206)	(7,229)	(6,009)	(22,025)	(19,052)
Corporate costs	(5,984)	(5,595)	(4,744)	(16,405)	(13,177)
Sustaining capex	(10,880)	(11,555)	(11,758)	(33,572)	(38,527)
Sustaining exploration	(2,500)	(1,500)	(1,200)	(5,500)	(4,600)
AISC costs	(114,521)	(115,001)	(98,253)	(336,955)	(302,281)
AISC Margin	54,792	45,372	23,573	136,689	82,792
Less: Non-sustaining capital	(4,994)	(10,868)	(8,863)	(19,581)	(17,409)
Less: Non-sustaining exploration	(8,720)	(5,590)	(1,177)	(17,312)	(4,383)
Operating cash flow from Youga discontinued operation	-	-	108	-	11,499
<b>Free cash flow (before Hounde, Karma, working capital, tax &amp; financing costs)</b>	<b>41,078</b>	<b>28,914</b>	<b>13,642</b>	<b>99,796</b>	<b>72,500</b>
Hounde project costs	(30,610)	(12,029)	(2,252)	(45,227)	(4,632)
Karma proceeds from sales, less mining costs capitalized and capital expenditure	1,420	(2,111)	-	(691)	-
Change in capital project working capital	(7,555)	-	-	(24,284)	-
<b>Free cash flow (before working capital, tax &amp; financing costs)</b>	<b>4,333</b>	<b>14,774</b>	<b>11,390</b>	<b>29,594</b>	<b>67,868</b>
Operating working capital changes as per statement of cash flows	(16,908)	1,365	(4,301)	(19,244)	(20,605)
Taxes paid	(3,254)	(6,157)	(1,226)	(12,035)	(6,051)
Interest paid	(2,924)	(6,343)	(383)	(9,698)	(8,952)
Cash settlements on hedge programs, gold collar premiums and share appreciation rights	(9,550)	-	-	(15,175)	(4,386)
Other (foreign exchange gains/losses and other)	6,986	(15,021)	(5,608)	(4,209)	(15,889)
<b>Free Cash Flow before other items</b>	<b>(21,317)</b>	<b>(11,382)</b>	<b>(128)</b>	<b>(30,767)</b>	<b>11,985</b>
Cash received for Youga mineral property interests (net)	-	-	-	22,086	-
Bridge loan advanced to True Gold	-	-	-	(15,000)	-
True Gold cash acquired, less acquisition COC payments, less acquisition expenses	(5,659)	3,690	-	(1,969)	-
Restructuring costs <sup>2</sup>	(11,468)	(5,617)	-	(18,334)	-
La Mancha anti-dilution proceeds with True Gold, Bought Deal proceeds, share option exercise, net of equity linked payments (SARs and PSUs)	107,504	72,257	-	180,300	-
RCF, debt and lease repayments	(65,951)	(41,967)	(20,785)	(108,741)	(42,369)
<b>Cash inflow (outflow) for the period</b>	<b>3,109</b>	<b>16,980</b>	<b>(20,913)</b>	<b>27,575</b>	<b>(30,384)</b>

1. Free cash flow is a non-GAAP financial performance measures with no standard meaning under IFRS. Refer to the Non-GAAP Measures section for further details.

2. Restructuring costs do not equal the value in the statement of comprehensive income as the amount in the free cash flow statement reflects only cash paid and does not include amounts accrued.

- Free cash flow (before working capital, tax & financing costs) for the third quarter of 2016 was \$41.1 million, and \$99.8 million for the year to date. The upward trend in this variable reflects increasing production, associated with the acquisition of the Ity mine and optimization of throughput at Agbaou. Sustaining capital expenditure of \$33.6 million for the year to date relates to ongoing capital projects at the operating mines, as described in more detail for each mine in the Operating Review section of this MDA. Non-sustaining capital (\$19.6 million) and exploration expenditure (\$17.3 million) for the year to date, relates to construction of the secondary crusher at Agbaou (\$9.5 million), waste capitalization of the pit push back project at Nzema (\$10.5 m), and non- sustaining exploration activity as described in the Exploration Review section.
- Free cash flow before other items for the third quarter and year to date was (\$21.3) million and (\$30.8) million, respectively, reflecting net Karma related cash flows, taxes paid primarily associated with the Ity mine, working capital movements (explained in the working capital section below), most notably related to the ramp up of activity at Hounde and Karma, and other items, including increased hedge payments on account of the higher gold price and net foreign exchange gains and losses, and interest payments on the revolving credit facility.
- Net cash inflow over the third quarter and year to date for 2016 was \$3.1 million and \$27.6 million, respectively, positively affected by the issue of shares in the Bought Deal and La Mancha's participation in the True Gold acquisition and the Bought Deal, along with share options exercised, and proceeds from the Youga sale. Outflows included the net impact of the True Gold acquisition (cash acquired less acquisition day change of control payments to True Gold management and all acquisition related costs), the True Gold bridge loan prior to the acquisition, transaction and restructuring costs, and voluntary Revolving Credit Facility ("RCF") debt repayments.

## C. Balance sheet

**Table 13: Balance sheet**

<i>\$'(000's)</i>	<b>September 30, 2016</b>	<b>June 30, 2016</b>	<b>December 31, 2015</b>
<b>ASSETS</b>			
Cash	137,094	133,985	109,519
Cash-restricted	5,222	5,205	4,824
Trade and other receivables	13,844	7,319	13,045
Income taxes receivable	148	169	2,945
Inventories	85,776	82,005	93,939
Prepaid expenses and other	36,885	18,626	12,640
<b>CURRENT ASSETS</b>	<b>278,969</b>	<b>247,309</b>	<b>236,912</b>
Mining interests	1,066,539	1,032,739	740,756
Deferred income taxes	69,077	72,976	70,116
Other long term assets	6,109	5,803	6,310
<b>LONG TERM ASSETS</b>	<b>1,141,725</b>	<b>1,111,518</b>	<b>817,182</b>
<b>TOTAL ASSETS</b>	<b>1,420,694</b>	<b>1,358,827</b>	<b>1,054,094</b>
<b>LIABILITIES</b>			
Trade and other payables	145,667	143,656	127,581
Current portion of finance lease obligations	4,315	4,315	4,394
Current portion of derivative financial liabilities	8,671	16,265	5,463
Income taxes payable	10,689	14,177	16,061
<b>CURRENT LIABILITIES</b>	<b>169,342</b>	<b>178,413</b>	<b>153,499</b>
Finance lease obligations	6,578	7,440	9,025
Long-term debt	128,402	192,295	225,582
Other long term liabilities	42,231	40,990	38,862
Deferred income taxes	45,994	46,725	30,014
<b>LONG TERM LIABILITIES</b>	<b>223,205</b>	<b>287,450</b>	<b>303,483</b>
<b>TOTAL LIABILITIES</b>	<b>392,547</b>	<b>465,862</b>	<b>456,982</b>
Share capital	1,481,745	1,367,919	1,071,088
Equity reserve	41,001	43,720	41,966
Retained earnings	(554,276)	(569,134)	(548,951)
Non-controlling interest	59,677	50,460	33,009
<b>TOTAL EQUITY</b>	<b>1,028,147</b>	<b>892,964</b>	<b>597,112</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,420,694</b>	<b>1,358,827</b>	<b>1,054,094</b>

### 1. Working Capital

The explanations for the key variances in working capital are as follows:

- Trade and other receivables were \$13.8 million on September 30, 2016 compared to \$7.3 million at June 30, 2016 and \$13.0 million as at December 31, 2015. The increase during the third quarter is due to primarily to the increase in timing induced VAT receivables expected to be recovered in the short term.
- Income taxes receivable have remained stable and were \$0.1 million at September 30, 2016 compared



to \$0.2 million at June 30, 2016 and \$2.9 million as at December 31, 2015.

- Inventories were \$85.8 million at September 30, 2016 compared to \$82.0 million at June 30, 2016 and \$93.9 million as at December 31, 2015. The decrease from December 31, 2015 is primarily due to the disposal of the Youga Mine (December 31, 2015 \$19.8 million related to the Youga Mine). This mine was sold during the first quarter. The increase in the third quarter primarily relates to consumables at the Karma mine of \$9.2 million. The Corporation completed the acquisition of True Gold on April 26, 2016, and therefore, from that date Karma balances are included in the consolidated group balance sheet.
- Prepaid expenses and other were \$36.9 million at September 30, 2016 compared to \$18.6 million at June 30, 2016 and \$12.6 million as at December 31, 2015. This increase in the current quarter is primarily due the additional prepayments of \$10.1 million associated with the Houndé project ramping up the construction phase in the third quarter.
- Trade and other payables were \$145.7 million at September 30, 2016 compared to \$143.7 million at June 30, 2016 and \$127.6 million as at December 31, 2015. The increase over the year is due to the inclusion of the Karma mine as the mine ramped up activity heading into commercial production on October 1, 2016, Houndé construction balances increase, offset by the disposal of Youga's balances.

## 2. Net Debt Position

The Corporation has a \$350 million senior secured revolving corporate loan facility (the "Facility") with a syndicate of leading international banks, which is scheduled to be repaid between September 2018 and March 2020. The interest rate is LIBOR plus a margin of between 3.75% and 5.75% per annum, based on the actual Net Debt to EBITDA ratio. The Facility is secured by shares in the Corporation's material gold mining subsidiaries and certain material assets and includes standard Interest Cover, Net Debt to EBITDA and Minimum Tangible Net Worth covenants. The following table summarizes the Corporation's net debt position as at September 30, 2016, June 30, 2016 and September 30, 2015.

**Table 14: Net debt/(Cash)position**

<b>\$(000's)</b>	<b>September 30, 2016</b>	<b>June 30, 2016</b>	<b>September 30, 2015</b>
Cash	137,094	133,985	31,795
Less: Auramet loan	-	5,030	-
Less: Equipment finance lease	10,893	11,755	14,224
Less: Drawn portion of \$350 million RCF	140,000	200,000	260,000
<b>Net Debt/(Cash) position</b>	<b>13,799</b>	<b>82,800</b>	<b>242,429</b>

## 3. Equity and Capital

Endeavour Mining's authorized capital is \$200,000,000 divided into 100,000,000 ordinary shares with a par value of \$0.10 each and 100,000,000 undesignated shares; no undesignated shares have been issued. The table below summarizes Endeavour Mining's share structure at September 30, 2016.

**Table 15: Outstanding shares**

	<b>September 30, 2016</b>	<b>June 30, 2016</b>	<b>December 31, 2015</b>
Shares issued and outstanding	92,063,075	85,405,242	59,019,942
Stock options	1,790,677	2,827,406	2,734,404

On July 11, 2016, the Corporation issued a total of 7,187,500 ordinary shares at a price of C\$20.00 per Share. As at October 31, 2016, the Corporation had 93,326,128 shares issued and outstanding, as well as 1,425,102 stock options outstanding.

#### 4. Project financing

Endeavour Mining announced in April that its 90%-owned Houndé Project in Burkina Faso has entered the construction phase of its development. This project is expected to require initial capital investment of \$328 million, of which \$61.1 million was incurred in the nine months ended September 30, 2016. The Corporation intends to finance the Houndé Project using a combination of existing cash balances, free cash flow generated from Endeavour's existing operating mines and equipment financing arrangements. On June 9, 2016, the Corporation entered into a financing arrangement with the Komatsu Group to purchase mining fleet equipment for the Houndé project. The Corporation made an initial down-payment of \$7.1 million on July 1, 2016. Delivery of the mining fleet is expected to commence from the fourth quarter of 2016 and seventeen quarterly payments to be made between the first quarter of 2018 and the first quarter of 2022, totaling \$46.9 million.

In addition, Endeavour Mining closed a bought deal financing arrangement for aggregate net proceeds of \$104.0 million on July 11, 2016. The net proceeds of this financing are primarily intended to be used to accelerate Endeavour's organic growth potential by significantly expanding the current exploration programs by leveraging Endeavour's high-quality West-African exploration portfolio and for the potential development of the Ity carbon-in-leach gold process plant.

#### 5. Financial instruments

Prior to its acquisition by Endeavour Mining, Adamus Resources implemented a gold price protection program as part of the initial project financing of the Nzema Gold Mine. The gold price protection program consisted of gold forward contracts initially covering 290,000 ounces at a forward price of \$1,075 per ounce and was subsequently amended to \$1,061 per ounce. The program required no cash or other margin. On July 29, 2013 Endeavour re-distributed a portion of the 96,163 ounces of remaining forward contracts to several new lenders. The amended strike price has increased from \$1,061 per ounce to a weighted average strike price \$1,332 per ounce. On the close out of the former hedge under the Nzema project financing, a \$300 per ounce increase in the strike price gave rise to a crystallized loss; this crystallized loss will be allocated and paid over the remaining hedge deliveries, resulting in the net proceeds to be received of \$1,032 per ounce (\$1,332 per ounce less the loss of \$300 per ounce). Other terms and conditions remain the same. The settlements of the forward contracts are in cash as there is no exchange of physical gold between the Corporation and the buyer. During the three and nine months ended September 30, 2016, the Corporation settled the remaining 7,062 and 20,101 ounces of gold resulting in a realized loss of \$3.3 million and \$8.7 million, respectively (September 30, 2015, \$0.8 million and \$3.1 million, respectively). Unrealized gains of \$3.3 million and \$4.0 million were recognized in the same periods.

On June 1, 2015, Endeavour initiated a 12-month fuel price protection program approximately equal to 50% of the diesel fuel requirement at the Tabakoto Mine in the form of a cash-settled commodity swap transaction with Societe Generale. The strike price of the swap is \$572 per metric tonne of Gas Oil, with monthly settlements of 1,268 Mt. During the nine months ended September 30, 2016, the Corporation settled the remaining 6,341 Mtonnes of Gas, resulting in a realized loss of \$Nil and \$1.5 million, for the three and nine months, respectively (September 30, 2015, \$0.04 million in the three and nine months). Unrealized gains of \$Nil and \$1.5 million was recorded in the same periods.

In the nine months ended September 30, 2016, the Corporation has implemented a deferred premium collar strategy ("collar") using written call options and bought put options for the 15-months period from April 2016 to September 2017. The program covers a total of 400,000 ounces, representing approximately 50% of Endeavour's total estimated gold production for the period, with a floor price of \$1,200 per ounce and ceiling price of \$1,400 per ounce. This derivative instrument was not designated as a hedge by the Corporation and is recorded at its fair value at the end of each reporting period with changes in fair value recorded in the consolidated comprehensive statement of (loss) earnings. As at September 30, 2016, 266,667 ounces remain



outstanding with a fair value of \$8.7 million (December 31, 2015 - \$nil). An unrealized gain of \$4.3 million and an unrealized loss of \$8.7 million were recorded as in the comprehensive statement of earnings (loss) in the three and nine months ended September 30, 2016, respectively. The total premium payable for entering into this program is \$9.2 million, included as part of the collar fair value, and cash-settled on a net basis as monthly contracts mature. In the three and nine months ended September 30, 2015, the Corporation incurred \$1.8 million and \$3.7 million in premium costs (2015 - \$nil), respectively, included in losses on derivative financial instruments in the consolidated statements of comprehensive earnings (loss).

#### 6. Provisions

In early 2009, Endeavour launched its gold investment strategy ("Gold Strategy"), which is the basis of the Corporation's gold mining business. In order to retain, attract, and motivate a group of specialist professional employees with the skills and experience necessary to significantly enhance the profitability and growth of Endeavour's gold business, a long term bonus policy (the "Gold LTI Policy") was established concurrently with the implementation of the Gold Strategy. An award under the Gold LTI Policy (a "Gold LTI Award") is crystallized and becomes payable upon the sale of a material gold asset, completion of a corporate transaction, and certain other events. The Gold LTI Award is calculated as 10% of the difference between the market value of the transaction and the equity cost base of the Corporation. The equity cost base is the accumulation of the values at which the shares were issued by Endeavour to build the gold company. As of September 30, 2016, was equivalent to approximately C\$16.93 per issued share.

The Gold LTI Award payable on a crystallization event would be determined based on the nature of the crystallization event at the date of the transaction and may vary significantly from an estimate derived from Endeavour's market capitalization at September 30, 2016. No crystallization event has occurred at September 30, 2016.

## D. Accounting policies

#### 1. Accounting policies overview

The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("IAS 34") as issued by the IASB. Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted. These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015. The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2015.

#### 2. Critical accounting policies and estimates

The Corporation's management has made critical judgments and estimates in the process of applying the Corporation's accounting policies to the consolidated financial statements that have significant effect on the amounts recognized in the Corporation's consolidated financial statements. The most critical accounting policies follow:

##### (a) Commencement of commercial production

Prior to a mine being capable of operating at levels intended by management, costs incurred are capitalized as part of the costs of related mining properties and proceeds from mineral sales are offset against costs capitalized. The Corporation defines the commencement of commercial production as the date that a mine has achieved a consistent level of production. Management considers several factors in determining when a

mining interest is capable of operating at levels intended by management. Depletion of capitalized costs for mining properties begins when the mine is capable of operating at levels intended by management.

(b) Determination of economic viability

Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

(c) Functional currency

The functional currency for each of the Corporation's subsidiaries, and investments in associates, is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Corporation reconsiders functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

(d) Business combinations

Determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Corporation to make certain judgements, taking into account all facts and circumstances. If an acquired set of assets and liabilities includes goodwill, the set is presumed to be a business.

(e) Capitalization of waste stripping

Capitalization of waste stripping requires the Corporation to make judgments and estimates in determining the amounts to be capitalized. These judgments and estimates include and rely on the expected stripping ratio for each separate open pit, the determination of what defines separate pits, and the expected ounces to be extracted from each component of a pit, amongst others.

3. Key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation's management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Corporation's assets and liabilities are as follows:

(a) Value Added Tax ("VAT")

Included in trade and other receivables are recoverable VAT balances owing by the fiscal authorities in Burkina Faso, Ghana, Côte d'Ivoire, and Mali. The Corporation is following the relevant process in each country to recoup the VAT balances owing and continues to engage with authorities to accelerate the repayment of the outstanding VAT balances.

(b) Impairment of mining interests and goodwill

The Corporation considers both external and internal sources of information in assessing whether there are any indications that mining interests and goodwill are impaired. External sources of information the Corporation considers include changes in the market, economic and legal environment in which the Corporation operates that are not within its control and affect the recoverable amount of mining interests and goodwill. Internal sources of information the Corporation considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic

performance of the assets. In determining the recoverable amounts of the Corporation's mining interests and goodwill, the Corporation's management makes estimates of the discounted future cash flows expected to be derived from the Corporation's mining properties, costs to sell the mining properties and the appropriate discount rate. The projected cash flows are significantly affected by changes in assumptions about gold's selling price, future capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. Reductions in gold price forecasts, increases in estimated future costs of production, increases in estimated future non-expansory capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Corporation's mining interests and/or goodwill. These factors moving in the opposite direction could result in full or partial reversals of previous write-downs to mining interests.

(c) Estimated recoverable ounces

The carrying amounts of the Corporation's mining interests are depleted based on recoverable ounces. Changes to estimates of recoverable ounces including changes from revisions to the Corporation's mine plans and changes in gold price forecasts can result in a change to future depletion rates.

(d) Mineral reserves

Mineral reserves and mineral resources are determined in accordance with Canadian Securities Administrator's national Instrument 43-101 *Standards of Disclosure for Mineral Projects*. Mineral reserve and resource are calculated based on numerous estimates. Such estimation is a subjective process, and the accuracy of any mineral reserve or resource estimate is dependent on the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as gold prices and market conditions could have a material effect in the future on the Corporation's financial position and results of operation.

(e) Environmental rehabilitation costs

The provisions for rehabilitation of mine and project sites and the related accretion expense are based on the expected costs of environmental rehabilitation and inputs used to determine the present value of such provisions using the information available at the reporting date. To the extent the actual costs differ from these estimates, adjustments will be recorded and the profit or loss may be impacted.

(f) Deferred income taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. Weight is attached to tax planning opportunities that are within the Corporation's control, and are feasible and implementable without significant obstacles. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Corporation reassesses unrecognized and recognized income tax assets.

(g) Share-based payments

Significant assumptions are made when accounting for share-based payments. Changes to these assumptions may alter the resulting accounting and ultimately the amount charged to profit or loss.

(h) Contingencies

Due to the nature and complexity of the Corporation's operations, various legal and tax matters are ongoing at any given time. In the event that the circumstances surrounding these matters change or the Corporation's outlook for the outcomes of these matters changes, the effects will be recognized in the consolidated financial statements.

## VI. NON-GAAP MEASURES

### A. All-in sustaining margin and Operating EBITDA

The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use the all-in sustaining margin and operating earnings before interest, tax, depreciation and amortization ("operating EBITDA") to evaluate the Corporation's performance and ability to generate cash flows and service debt. These do not have a standard meaning and are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The following tables provide the illustration of the calculation of this margin and operating EBITDA, for the three months ended September 30, 2016, June 30, 2016 and September 30, 2015.

**Table 16: All-In Sustaining Margin<sup>1</sup>**

	Three months ended		Nine months ended		
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
(\$'000)					
Revenues <sup>1</sup>	169,313	160,373	121,826	473,644	385,073
Less: royalties <sup>1</sup>	(8,206)	(7,229)	(6,009)	(22,025)	(19,052)
Less: total cash costs <sup>1</sup>	(86,951)	(89,122)	(74,542)	(259,453)	(226,925)
Less: corporate G&A <sup>1</sup>	(5,984)	(5,595)	(4,744)	(16,405)	(13,177)
Subtotal	68,172	58,427	36,531	175,761	125,919
Less: sustaining capital (table 20)	(10,880)	(11,555)	(11,758)	(33,572)	(38,527)
Less: sustaining exploration	(2,500)	(1,500)	(1,200)	(5,500)	(4,600)
<b>All-in sustaining margin</b>	<b>54,792</b>	<b>45,372</b>	<b>23,573</b>	<b>136,689</b>	<b>82,792</b>

<sup>1</sup>Data does not include Youga.

**Table 17: Operating EBITDA calculation**

	Three months ended		Nine months ended		
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
(\$'000)					
Earnings(loss) before tax <sup>1</sup>	31,255	(9,875)	6,524	29,364	44,604
Add back: Depreciation and depletion <sup>1</sup>	21,607	21,781	19,057	69,612	53,923
Add back: Acquisition and restructuring costs <sup>1</sup>	6,558	16,773	-	24,580	-
Deduct: Non recurring mineral property and other assets sales <sup>1</sup>	-	(180)	515	(270)	379
Add: Net earnings (loss) from discontinued operations and loss on disposal	-	-	(1,761)	3,273	(9,444)
Add back: Finance costs <sup>1</sup>	6,049	6,304	7,077	19,197	23,704
Add back: (Gains) losses on financial instruments <sup>1</sup>	(3,608)	21,135	869	20,403	(2,988)
<b>Operating EBITDA</b>	<b>61,861</b>	<b>55,938</b>	<b>32,280</b>	<b>166,159</b>	<b>110,178</b>

<sup>1</sup>Found on the consolidated statement of comprehensive earnings.

## B. Cash cost per ounce of gold sold

The Corporation reports cash costs on the basis of ounces sold. Therefore, the Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors may find this information useful. However, there is no standardized meanings, and therefore this additional information and should not be considered in isolation, or as a substitute for measures of performance prepared in accordance with GAAP. The following table provides a reconciliation of cash costs per ounce of gold sold (including the ounces sold from ore purchased), for the three months ended September 30, 2016, June 30, 2016 and September 30, 2015 and the nine months ended September 30, 2016 and September 30, 2015.

**Table 18: Cash costs**

	Three months ended			Nine months ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
<b>\$'000's except ounces sold</b>					
Operating expenses from mine operations	87,127	87,496	75,544	258,608	228,430
Non-cash and other adjustments	(176)	1,626	(1,002)	845	(1,505)
Cash costs from continuing operations	86,951	89,122	74,542	259,453	226,925
Total cash costs for the Youga Mine	-	-	12,817	6,910	41,781
<b>Total cash cost</b>	<b>86,951</b>	<b>89,122</b>	<b>87,359</b>	<b>266,363</b>	<b>268,706</b>
Divided by ounces of gold sold	127,507	127,602	123,002	382,464	377,468
Total cash cost per ounce of gold sold including Youga	682	698	710	696	712
Cash costs from continuing operations	86,951	89,122	74,542	259,453	226,925
Divided by ounces of gold sold (continuing operations)	127,507	127,602	108,674	375,886	327,026
<b>Total cash cost from continuing operations</b>	<b>682</b>	<b>698</b>	<b>686</b>	<b>690</b>	<b>694</b>

The Corporation is reporting all-in sustaining costs per ounce sold. The methodology for calculating all-in sustaining costs per ounce was developed internally and is calculated below. This non-GAAP measure provides investors with transparency regarding the total cash cost of producing an ounce of gold, in a given period. Readers should be aware that this measure does not have a standardized meaning. It is intended to provide additional information and should not be considered in isolation, or as a substitute for measures of performance prepared in accordance with GAAP.

**Table 19: All-In Sustaining Costs**

	Three months ended			Nine months ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
<b>(\$'000 except ounces)</b>					
Total cash cost for ounces sold <sup>1</sup>	86,951	89,125	87,358	266,363	268,706
Royalties <sup>1</sup>	8,206	7,229	6,650	22,352	21,310
Corporate G&A	5,984	5,595	4,744	16,405	13,177
Sustaining capital	10,880	11,555	11,758	33,572	38,527
Sustaining exploration	2,500	1,500	1,200	5,500	4,600
All-in sustaining costs	114,521	115,002	111,710	344,192	346,320
Divided by gold ounces sold <sup>1</sup>	127,507	127,602	123,002	382,464	377,468
<b>All-in sustaining cost per ounce sold</b>	<b>898</b>	<b>901</b>	<b>908</b>	<b>900</b>	<b>917</b>
Excluding discontinued operations					
All-in sustaining costs from Youga Mine	-	-	13,644	7,237	44,799
All-in sustaining costs excluding discontinued operations	114,521	115,002	98,066	336,955	301,521
Divided by gold ounces sold <sup>1</sup>	127,507	127,602	108,674	375,886	327,026
<b>All-in sustaining costs per ounce sold from continuing operations</b>	<b>898</b>	<b>901</b>	<b>902</b>	<b>896</b>	<b>922</b>

<sup>1</sup> Figures include Youga mine.

**Table 20: Sustaining and non-sustaining capital**

	Three months ended			Nine months ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
(\$'000 )					
<b>Expenditures and prepayments on mining interests</b>	<b>71,009</b>	<b>50,257</b>	<b>25,143</b>	<b>151,641</b>	<b>68,379</b>
Non-sustaining capital spend	(4,994)	(10,868)	(8,863)	(19,581)	(17,409)
Non-sustaining exploration	(6,200)	(4,636)	(1,071)	(12,924)	(3,212)
Sustaining exploration	(2,500)	(1,500)	(1,200)	(5,500)	(4,600)
Capital spend at Karma	(15,825)	(9,669)	-	(34,837)	-
Project capital spend at Houndé	(30,610)	(12,029)	(2,252)	(45,227)	(4,632)
<b>Sustaining Capital</b>	<b>10,880</b>	<b>11,556</b>	<b>11,758</b>	<b>33,572</b>	<b>38,527</b>

### C. Adjusted net earnings and adjusted net earnings per share

Net earnings have been adjusted for items considered exceptional in nature and not related to Endeavour Mining's core operation of mining assets. The presentation of adjusted net earnings may assist investors and analysts to understand the underlying operating performance of our core mining business. However, adjusted net earnings and adjusted net earnings per share do not have a standard meaning under IFRS. They should not be considered in isolation, or as a substitute for measures of performance prepared in accordance with IFRS, and are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS.

The following table reconciles these non-GAAP measures to the most directly comparable IFRS measure.

**Table 21: Adjusted net earnings**

	Three months ended			Nine months ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
(\$'000)					
Total net earnings	<b>24,253</b>	<b>(15,416)</b>	<b>6,706</b>	<b>16,693</b>	<b>57,244</b>
Youga discontinued operations (Gain) loss	-	-	(1,761)	3,273	(9,444)
(Gain) loss on financial instruments	(3,608)	21,135	869	20,403	(2,988)
Other expenses (income)	-	(180)	515	(270)	379
Stock-based payments	2,886	3,162	660	8,603	2,900
Acquisition and restructuring costs	6,558	16,773	-	24,580	-
Deferred income tax expense (recovery)	3,167	2,566	880	246	(5,622)
<b>Adjusted net earnings after tax</b>	<b>33,256</b>	<b>28,039</b>	<b>7,870</b>	<b>73,528</b>	<b>42,469</b>
<b>Attributable to non-controlling interests</b>	<b>10,347</b>	<b>13,949</b>	<b>8,458</b>	<b>22,493</b>	<b>13,561</b>
<b>Attributable to shareholders of the Corporation</b>	<b>22,909</b>	<b>14,090</b>	<b>(8,272)</b>	<b>51,035</b>	<b>28,908</b>
Weighted average number of outstanding shares	92,063,075	77,860,700	41,314,367	76,324,976	41,314,367
<b>Adjusted net earnings (loss) per share (basic) from continuing operations</b>	<b>0.25</b>	<b>0.18</b>	<b>(0.20)</b>	<b>0.67</b>	<b>0.70</b>

### D. Free cash flow

The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use free cash to assess the Corporation's ability generate and manage liquid resources. These terms do not have a standard meaning and are intended to provide additional information. They should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The calculation of these items is detailed in table 12.

## E. Net debt and Net debt/OEBITDA ratio

The Corporation is reporting net debt and net debt/Operating EBITDA ratio. This non-GAAP measure provides investors with transparency to regarding the liquidity position of the Corporation. It is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The calculation of net debt is shown in table 14, calculated as nominal undiscounted debt including leases, less cash. The following table explains the calculation of net debt/Operating EBITDA ratio using the last twelve months of Operating EBITDA.

**Table 22: Net Debt/ OEBITDA ratio**

\$(000's)	September 30, 2016	June 30, 2016	September 30, 2015
Net Debt/(Cash) position (Table 14)	13,799	82,800	242,429
Operating EBITDA	213,580	167,001	141,162
<b>Net Debt / OEBITDA ratio</b>	<b>0.06</b>	<b>0.50</b>	<b>1.72</b>

## VII. QUARTERLY AND ANNUAL FINANCIAL AND OPERATING RESULTS

The following tables summarize the Corporation's financial and operational information for the last eight quarters and three fiscal years. The significant factors affecting results in the quarters presented below are volatility of realized gold prices, the commencement of operations at the Agbaou Mine in the first quarter of 2014, and non-cash impairments of mineral interests. The Ity Mine was added during the fourth quarter of 2015. The Youga financial results have been removed for quarterly periods after 2014.

**Table 23: 2016/2015 Quarterly Key Performance Indicators**

(\$'000' except ounces sold)	For the three months ended:			
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Gold ounces sold	127,507	127,602	120,777	142,342
Gold revenues	169,313	160,373	143,958	137,579
Cash flows from continuing operations	23,466	30,187	20,147	39,769
Earnings from mine operations	51,644	43,867	27,158	13,119
Net earnings (loss) and total comprehensive earnings (loss)	24,253	(15,416)	7,858	(21,643)
Net earnings (loss) attributable to shareholders of Endeavour Mining Corporation	13,361	(28,039)	956	(24,670)
Basic earnings (loss) per share	0.16	(0.36)	0.02	(0.51)
Diluted earnings (loss) per share	0.16	(0.36)	0.02	(0.51)



**Table 24: 2015/2014 Quarterly Key Performance Indicators**

(\$'000' except ounces sold)	For the three months ended:			
	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Gold ounces sold	123,002	129,614	124,850	123,354
Gold revenues	121,826	132,797	130,449	147,744
Cash flows from operations	31,846	40,511	31,425	58,017
Earnings from mine operations	20,495	40,875	26,379	14,266
Net earnings (loss) and total comprehensive earnings (loss)	6,706	32,997	12,951	(340,157)
Net earnings (loss) attributable to shareholders of Endeavour Mining Corporation	3,504	26,678	9,045	(280,576)
Basic earnings (loss) per share	0.08	0.60	0.22	(6.80)
Diluted earnings (loss) per share	0.08	0.60	0.22	(6.80)

**Table 25: Annual Key Performance Indicators<sup>1</sup>**

(\$'000' except per share amounts)	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013
Gold ounces sold	519,812	467,887	318,505
Gold revenues	601,376	583,576	443,314
Cash flows from operations	147,301	127,438	43,834
Earnings from mine operations	106,947	75,897	11,136
Net earnings (loss) and total comprehensive earnings (loss)	35,601	(328,200)	(371,715)
Net earnings (loss) attributable to shareholders	18,227	(273,650)	(332,456)
Basic loss per share	0.42	(6.62)	(8.10)
Diluted loss per share	0.42	(6.62)	(8.10)
Total assets	1,054,094	963,875	1,273,993
Total long term financial liabilities	273,469	343,468	327,411
Total attributable shareholders' equity	564,103	464,352	737,057
<b>Adjusted earnings (loss) per share</b>	<b>0.99</b>	<b>0.34</b>	<b>(0.60)</b>

<sup>1</sup> The results of the Youga mine have been included in all figures above as presented in the 2015 and prior year Annual Financial Statements.

## VIII. RISK FACTORS

Readers of this Management's Discussion and Analysis should give careful consideration to the information included or incorporated by reference in this document and the Corporation's audited consolidated financial statements and related notes for the year ended December 31, 2015. Significant risk factors for the Corporation are metal prices, government regulations, foreign operations, environmental compliance, dependence on management, title to the Corporation's mineral properties and litigation. For further details of risk factors, please refer to the most recent Annual Information Form filed on SEDAR at <http://www.sedar.com/>, the 2015 year-end audited consolidated financial statements, and the below discussions.

### A. Operational risks

#### 1. Political risks

The majority of Endeavour Mining's assets are located in West Africa. Endeavour Mining believes that the



governments of the countries that the Corporation holds assets in support the development of their natural resources by foreign companies. There is no assurance however that future political and economic conditions of these countries will not result in their governments adopting different policies respecting foreign ownership of mineral resources, taxation, rates of exchange, environmental protection, labour relations, repatriation of income or return of capital, restrictions on production, price controls, export controls, local beneficiation of gold production, expropriation of property, foreign investment, maintenance of claims and mine safety. The possibility that a future government in any of these countries may adopt substantially different policies, which might include the expropriation of assets, cannot be ruled out. There is also a risk of limitations being placed on the ability to repatriate funds.

2. Mineral Reserves and Resources

Mineral reserve and mineral resource estimates are imprecise and depend partially on statistical inference drawn from drilling and other data, which may prove to be unreliable. Estimates, which were valid when made, may change over the course of the mine life. Reserves should not be interpreted as assurances of mine life or of the profitability of current or future production. Furthermore there can be no assurance that those portions of such mineral resources that are not mineral reserves will ultimately be converted into mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Mining reserves depleted by production must be continually replaced to maintain production levels over the long term. There is no assurance that current or future exploration programs will result in any new commercial mining operations or yield new reserves to replace or expand current reserves.

3. Outside contractor risks

It is common for certain aspects of mining operations, such as drilling, blasting and hauling to be conducted by an outside contractor. The mining operations at the Youga Gold Mine, the Nzema Gold Mine and the Agbaou Gold Mine are undertaken by contractors and as a result, the Corporation is subject to a number of risks, including reduced control over the aspects of the operations that are the responsibility of the contractor, failure of a contractor to perform under its agreement with the companies, inability to replace the contractor if either party terminates the contract, interruption of operations in the event the contractor ceases operations due to insolvency or other unforeseen events, failure of the contractor to comply with applicable legal and regulatory requirements and failure of the contractor to properly manage its workforce resulting in labour unrest or other employment issues.

## **B. Financial Risks**

The Corporation's activities expose it to a variety of risks that may include currency risk, credit risk, liquidity risk, interest rate risk and other price risks, including equity price risk. The Corporation examines the various financial instrument risks to which it is exposed and assesses any impact and likelihood of those risks.

1. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Corporation by failing to discharge its obligations. There has been no change in the Corporation's objectives and policies for managing this risk in the three months ended September 30, 2016.

The Corporation's maximum exposure to credit risk is as follows:

**Table 26: Exposure to credit risk**

	September 30, 2016	June 30, 2016	December 31, 2015
(\$'000 )			
Cash and cash equivalents	137,094	133,985	109,519
Cash - restricted	5,222	5,205	4,824
Marketable securities	691	665	375
Trade and other receivables	13,844	7,319	13,045
Working capital loan	1,050	1,038	1,017
Long-term receivable	294	-	246
	<b>158,195</b>	<b>148,212</b>	<b>129,026</b>

## 2. Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements.

## 3. Currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations including its capital expenditures. Gold is sold in US dollars and the Corporation's costs are incurred principally in CFA Franc, Canadian dollars, Euros, Ghana Cedi, and US dollars. The Corporation also holds cash and cash equivalents, marketable securities, and other receivables that are denominated in non-US dollar currencies which are subject to currency risk. The Corporation has not hedged its exposure to foreign currency exchange risk. The Corporation has not hedged its exposure to foreign currency exchange risk.

The table below highlights the net assets (liabilities) held in foreign currencies:

**Table 27: Net assets in foreign currencies**

	September 30, 2016	June 30, 2016	December 31, 2015
(\$'000 )			-
Canadian dollar	(1,887)	(6,282)	(2,961)
CFA Francs	39,330	49,699	60,530
Other currencies	(989)	3,896	(687)
	<b>36,454</b>	<b>47,313</b>	<b>56,882</b>

The effect on earnings and other comprehensive earnings before tax as at September 30, 2016, of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the above mentioned financial and non-financial assets and liabilities of the Corporation is estimated to be \$2.9 million (March 31, 2016, \$5.8 million), assuming that all other variables remained constant. The calculation is based on the Corporation's statement of financial position as at September 30, 2016.

## 4. Interest rate risk

Interest rate risk is the risk that future cash flows from, or the fair values of, the Corporation's financial instruments will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk primarily on its long-term debt. Since marketable securities and government treasury securities held as loans are short term in nature and are usually held to maturity, there is minimal fair value sensitivity to changes in interest rates. The Corporation continually monitors its exposure to interest rates and is comfortable with its exposure given the relatively low short-term US interest rates and LIBOR.

The effect on earnings and other comprehensive earnings before tax as at September 30, 2016, of a 10% change in interest rate on the Facility is estimated to be \$0.1 million (June 30, 2016 - \$0.1 million).

5. Price risk

Price risk is the risk that the fair value or future cash flows of the Corporation's financial instruments will fluctuate because of changes in market prices. There has been no change in the Corporation's objectives and policies for managing this risk and no significant changes to the Corporation's exposure to price risk during the three months ended September 30, 2016.

## IX. CONTROLS AND PROCEDURES

### A. Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). Additionally, these controls and procedures provide reasonable assurance that information required to be disclosed in the Corporation's annual and interim filings (as such terms are defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) and other reports filed or submitted under Canadian securities law is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management including the CEO and CFO as appropriate to allow timely decisions regarding required disclosure.

As at the end of and for the year ended December 31, 2015, management evaluated the design and operating effectiveness of the Corporation's disclosure controls and procedures as required by Canadian Securities Law. Based on that evaluation, the CEO and CFO concluded that as of December 31, 2015, the disclosure controls and procedures were effective. There have been no material changes in the Corporation's disclosure controls and procedures since the year ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, the Corporation's disclosure controls and procedures.

### B. Internal controls over financial reporting

The Corporation's management, with the participation of its CEO and CFO, is responsible for establishing and maintaining adequate internal controls over financial reporting. Under the supervision of the CFO, the Corporation's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

As at December 31, 2015, management evaluated the effectiveness of the Corporation's internal control over financial reporting as required by Canadian securities laws.

Endeavour Mining acquired the Ity Gold Mine on November 27, 2015. Therefore, the Corporation was unable to conduct an assessment of the Ity Gold Mine's internal control over financial reporting in the period between the acquisition date and the date of management's internal control assessment, due to the timing of the acquisition. Accordingly, management excluded from its assessment the internal control over financial reporting of the Ity Gold Mine. As permitted under National Instrument 52-109 *Certification of Disclosure*, the Company will include its assessment of in its 2016 annual management report on internal control.

Based on that evaluation, and with the exclusion of the Ity Gold Mine's internal control over financial reporting, the CEO and CFO have concluded that, as at December 31, 2015, the internal controls over

financial reporting were effective and able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

On the April 26, 2016 Endeavour Mining acquired the Karma Gold Mine. Therefore, the Corporation has not yet conducted an assessment of the Karma Gold Mine's internal control over financial reporting.

There have been no material changes in the Corporation's internal controls over financial reporting since the year ended December 31, 2015, (excluding the acquisition of the Karma Gold Mine) that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

### C. Limitations of controls and procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer believe that any disclosure controls and procedures or internal control over financial reporting, can provide only reasonable, but not absolute, assurance that the objectives of the control system are met. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the actions of one individual, by collusion of two or more people, or by unauthorized override of the control. Accordingly, because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

## APPENDIX A : DETAILED RESERVES AND RESOURCES

The following table shows the consolidated reserves and resources as at December 31, 2015.

**Table 28: Mineral Reserves and Mineral Resources as at December 31, 2015**

Resources shown inclusive of Reserves	On a 100% basis			On an attributable basis		
	Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)	Tonnage (Mt)	Grade (Au g/t)	Content (Au koz)
<b>Agbaou Mine (85% owned)<sup>2</sup></b>						
Proven Reserves	1.9	2.53	156	1.6	2.53	132
Probable Reserves	11.3	2.40	871	9.6	2.40	741
<b>P&amp;P Reserves</b>	<b>13.2</b>	<b>2.42</b>	<b>1,027</b>	<b>11.2</b>	<b>2.42</b>	<b>873</b>
Measured Resource	1.9	2.67	166	1.6	2.67	141
Indicated Resources	12.5	2.53	1,014	10.6	2.53	862
<b>M&amp;I Resources</b>	<b>14.4</b>	<b>2.54</b>	<b>1,180</b>	<b>12.3</b>	<b>2.54</b>	<b>1,003</b>
Inferred Resources	1.2	1.71	65	1.0	1.71	56
<b>Nzema Mine (90% owned)<sup>2</sup></b>						
Proven Reserves	3.2	2.25	230	2.9	2.25	207
Probable Reserves	1.5	2.57	125	1.4	2.57	113
<b>P&amp;P Reserves</b>	<b>4.7</b>	<b>2.35</b>	<b>356</b>	<b>4.2</b>	<b>2.35</b>	<b>320</b>
Measured Resource	22.4	1.36	976	20.2	1.36	878
Indicated Resources	12.2	1.31	514	11.0	1.31	463
<b>M&amp;I Resources</b>	<b>34.6</b>	<b>1.34</b>	<b>1,490</b>	<b>31.1</b>	<b>1.34</b>	<b>1,341</b>
Inferred Resources	5.9	1.28	244	5.3	1.28	219
<b>Tabakoto Mine (80-90% owned)<sup>3</sup></b>						
Proven Reserves	2.3	3.19	235	1.9	3.18	190
Probable Reserves	4.2	3.68	491	4.9	2.63	415
<b>P&amp;P Reserves</b>	<b>6.4</b>	<b>3.50</b>	<b>725</b>	<b>5.4</b>	<b>3.50</b>	<b>603</b>
Measured Resource	6.3	2.86	575	5.1	2.85	463
Indicated Resources	12.3	3.22	1,270	10.5	3.17	1,068
<b>M&amp;I Resources</b>	<b>18.5</b>	<b>3.09</b>	<b>1,844</b>	<b>15.5</b>	<b>3.07</b>	<b>1,531</b>
Inferred Resources	9.0	3.55	1,023	7.3	3.52	826
<b>Houndé Project (90% owned)<sup>4</sup></b>						
Proven Reserves	3.7	2.48	296	3.3	2.48	266
Probable Reserves	26.9	2.06	1,779	24.2	2.06	1,601
<b>P&amp;P Reserves</b>	<b>30.6</b>	<b>2.11</b>	<b>2,075</b>	<b>27.5</b>	<b>2.11</b>	<b>1,867</b>
Measured Resource	3.7	2.57	305	3.3	2.57	274
Indicated Resources	34.2	2.04	2,247	30.8	2.04	2,022
<b>M&amp;I Resources</b>	<b>37.9</b>	<b>2.09</b>	<b>2,551</b>	<b>34.1</b>	<b>2.09</b>	<b>2,296</b>
Inferred Resources	3.2	2.62	274	2.9	2.62	246
<b>Ity Mine &amp; CIL Project (55% owned)<sup>5</sup></b>						
Proven Reserves	-	-	-	-	-	-
Probable Reserves	30.4	1.65	1,613	16.7	1.65	887
<b>P&amp;P Reserves</b>	<b>30.4</b>	<b>1.65</b>	<b>1,613</b>	<b>16.7</b>	<b>1.65</b>	<b>887</b>
Measured Resource	27.3	1.35	1,190	15.0	1.35	655
Indicated Resources	34.1	1.75	1,916	18.7	1.75	1,054
<b>M&amp;I Resources</b>	<b>61.4</b>	<b>1.57</b>	<b>3,106</b>	<b>33.8</b>	<b>1.57</b>	<b>1,708</b>
Inferred Resources	14.1	1.52	687	7.7	1.52	378
<b>Karma Mine (90% owned)<sup>6</sup></b>						
Proven Reserves	-	-	-	-	-	-
Probable Reserves	33.2	0.89	949	29.9	0.89	854
<b>P&amp;P Reserves</b>	<b>33.2</b>	<b>0.89</b>	<b>949</b>	<b>29.9</b>	<b>0.89</b>	<b>854</b>
Measured Resource	-	-	-	-	-	-
Indicated Resources	75.2	1.08	2,621	67.7	1.08	2,359
<b>M&amp;I Resources</b>	<b>75.2</b>	<b>1.08</b>	<b>2,621</b>	<b>67.7</b>	<b>1.08</b>	<b>2,359</b>
Inferred Resources	65.3	1.13	2,362	58.8	1.13	2,126
<b>Total - Endeavour Mining</b>						
Proven Reserves	11	2.57	916	10	2.56	796
Probable Reserves	107	1.69	5,828	87	1.65	4,611
<b>P&amp;P Reserves</b>	<b>119</b>	<b>1.77</b>	<b>6,744</b>	<b>95</b>	<b>1.77</b>	<b>5,405</b>
Measured Resource	62	1.62	3,211	45	1.66	2,411
Indicated Resources	180	1.65	9,581	149	1.63	7,827
<b>M&amp;I Resources</b>	<b>242</b>	<b>1.64</b>	<b>12,793</b>	<b>194</b>	<b>1.64</b>	<b>10,238</b>
Inferred Resources	99	1.47	4,655	83	1.44	3,852

**Notes to Mineral Reserves and Resources:**
**1- Agbaou**

Resource updated from 43-101 technical report titled "Technical Report Mineral Resource and Reserve Update for the Agbaou Gold Mine Côte d'Ivoire West Africa" effective December 31, 2014. Update mineral resources estimates effective December 31, 2015 prepared by Kevin Harris (CPG), Qualified Person not independent of Endeavour Mining Corporation. Reserve Update for the Agbaou Gold Mine, Côte d'Ivoire, West Africa, prepared by Michael Alyoshin MAUSIMM CP (Mining), Qualified Person Not Independent of Endeavour Mining Corporation.

**2- Nzema**

Mineral resource update prepared by Eric Acheampong (Endeavour) as depletion, effective date December 31, 2015, of mineral resource prepared by N.J. Johnson MAIG (MPR Geological Consultants Pty Ltd.), Qualified Person for the mineral resources; M. Alyoshin MAUSIMM CP Min (Endeavour) is Qualified Person for Nzema mineral reserves. Most recent filed report is "Technical Report and Mineral Reserve Update for the Nzema Gold Mine, Ghana, West Africa", effective date December 31, 2012, prepared by N.J. Johnson MAIG (MPR Geological Consultants Pty Ltd.), Q. De Klerk FAUSIMM (Cube Consulting Pty Ltd.) and W.J.A. Yeo MAIG (Endeavour), A.A. Roux Pr.Sci.Nat. (Endeavour).

**3- Tabakoto**

The breakdown for underground and open pit reserves is as follows:

	<u>Underground Reserves</u>			<u>Open Pit Reserves</u>		
(on a 100% basis)	Tonnage (kt)	Grade (Au g/t)	Content (Au koz)	Tonnage (kt)	Grade (Au g/t)	Content (Au koz)
Proven Reserves	1,753	3.46	195	538	2.29	40
Probable Reserves	1,958	3.86	243	2,195	3.51	248
P&P Reserves	3,711	3.67	438	2,733	3.27	287

K. Harris CPG (Endeavour) is Qualified Person for Tabakoto and Kofi B, Alinear and Betea mineral resources; E. Puritch, P.Eng (P&E Mining Consultants Inc.) is the Qualified Person for the Kofi A, Kofi C, and Blanaid mineral resources. M. Alyoshin MAUSIMM CP Min (Endeavour) is Qualified Person for open pit mineral reserves; V. Duke ECSA (Sound Mining) is Qualified Person for underground mineral reserves. Most recent filed report is "Technical Report and Mineral Resource and Mineral Reserve Update for the Tabakoto Gold Mine, Mali, West Africa" effective date December 31, 2013, prepared by G. de Hert EurGeol (Endeavour); K. Harris CPG (Endeavour); M. Alyoshin MAUSIMM CP Min (Endeavour), V. Duke ECSA (Sound Mining), A.A. Roux Pr.Sci.Nat.(Endeavour), E. Puritch, P.Eng (P&E Mining Consultants Inc.), Antoine Yassa, P.Geo (P&E Mining Consultants Inc.).

**4- Hounde**

M. Zammit MAIG (Cube Consulting) is an independent Qualified Person for the Vindaloo mineral resources. Kevin Harris CPG (Endeavour) is a Qualified Person for the Bouéré and Dohoun mineral resources. R.M. Cheyne FAUSIMM (Oreology) is an independent Qualified Person for the Vindaloo mineral reserves and the overall mining schedule. Michael Alyoshin MAUSIMM CP Min (Endeavour) is a Qualified Person for the Bouéré and Dohoun mineral reserves. Most recent filed report is "Houndé Gold Project - Burkina Faso, Feasibility Study NI 43-101 Technical Report" effective date October 31, 2013, prepared by M. Zammit MAIG (Cube Consulting), M. Warren MIEAust CPEng (Lycopodium), R.M. Cheyne FAUSIMM (ORELOGY), D. Morgan CPEng (Knight Piesold), P. O'Bryan MAUSIMM (CP) (Peter O'Bryan and Associates).

**5- Ity**

The breakdown for the heap leach operation and CIL project reserves is as follows:

	<u>Heap Leach Reserves</u>			<u>CIL Reserves</u>		
(on a 100% basis)	Tonnage (kt)	Grade (Au g/t)	Content (Au koz)	Tonnage (kt)	Grade (Au g/t)	Content (Au koz)
Proven Reserves	-	-	-	-	-	-
Probable Reserves	2,392	2.39	184	27,967	1.59	1,429
P&P Reserves	2,392	2.39	184	27,967	1.59	1,429

K. Body Pr.Sci.Nat. (Coffey) is the independent Qualified Persons for the Aires, Teckraie, Verse Ouest, Daapleu, ZiaNE, Ity Flat and Mont Ity mineral resources and R. Bosc Eur.Geol. (Arethuse) is the independent Qualified Person for the Walter and Gbeitouo mineral resources. M. Alyoshin MAUSIMM CP Min (Endeavour) is a Qualified Person for the Ity Heap Leach mineral reserves and J. Baker P.Eng. (SNC-Lavalin) is a Qualified Person for the CIL mineral reserves. Most recent filed report is "Technical Report for the Ity Gold Mine, Cote d'Ivoire, West Africa" effective date July 31, 2015, prepared by K. Body Pr.Sci.Nat. (Coffey), M. Mudau Pr.Sci.Nat. (Coffey), C. Cunningham Pr.Eng. (Turnberry), R. Bosc Eur.Geol. (Arethuse), P. Perez P.Eng. (SGS), J. Baker P.Eng. (SNC-Lavalin), D. Gauthier Eng. (SNC-Lavalin), P. Laroche Eng. (SNC-Lavalin) and H. Sangam Eng. (SNC-Lavalin).

**6- Karma**

Mineral Reserves are that portion of the mineral resource that has been identified as mineable within a design pit and incorporates criteria such as mining recoveries and waste dilution. The Mineral Reserves are reported on the basis of parameters and assumptions defined in True Gold's Feasibility Study, which is published on SEDAR at [www.sedar.com](http://www.sedar.com). The Feasibility Study is based on an open-pit operation averaging 97,000 ounces of gold per year over 8.5 years and all-in sustaining cash costs of \$720/oz gold, at a US\$1250/oz gold price. Cut-off grades (COG) vary by pit and material type as shown in the Feasibility Study.

Mineral Resource estimates were based on a gold price of US\$1,557 per ounce, a 90%, 80% and 85% respective process recoveries for oxide, transition and sulphide; oxide mining costs of US\$1.61/tonne, \$US1.94 per tonne for transition and US\$2.05 for sulphide; process costs of US\$7.25/tonne for oxide and transition and US\$19 per tonne for sulphide; and General & Administrative costs of US\$1.35 per tonne were used to determine the respective 0.20, 0.22 and 0.50 oxide, transition and sulphide open pit cut-off grades. Mineral resources are reported at cut-off grades of 0.20 g/t Au for oxide material in all deposits, 0.22 g/t Au for transition material in all deposits and the sulphide material at Rambo and Nami, and at 0.5 g/t Au for the remaining sulphide material at GG1, GG2, Kao and North Kao. Mineral resources are inclusive of mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported inferred mineral resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred mineral resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category. The mineral resources reported here was estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council. Material within optimized pit shells have engineering mining aspects applied to the global mineral inventory.

For more information on Karma Resources and Reserves, please refer to NI 43-101 technical report entitled "Updated Resource Estimate and Feasibility Study on the Karma Gold Project, Burkina Faso, West Africa", dated December 17, 2013 and filed on SEDAR on January 27, 2014 at [www.sedar.com](http://www.sedar.com). For more information on the North Kao Inferred Resource, please see True Gold's news release dated March 13, 2014, filed on SEDAR at [www.sedar.com](http://www.sedar.com)

The following notes apply to the tables:

- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- Tonnages are rounded to the nearest 100,000 tonnes; gold grades are rounded to two decimal place; ounces are rounded to the nearest 1,000 ounces. Rounding may result in apparent summation differences.
- Tonnes and grade measurements are in metric units; contained gold is in troy ounces.

**Gold price and cut-off grades**

	Resources Gold price, US\$/oz	Resource lower cut-off grade, g/t Au	Reserves Gold Price, US\$/oz	Reserve lower cut-off grade, g/t Au
Nzema	1,500	0.5	1,250	0.8 to 1.9
Youga	1,500 to 1,600*	0.5	1,150	1
Agbaou	1,500	0.5	1,350	0.6 to 0.8
Tabakoto	1,350 to 1,600*	0.5 to 1.5*	1,250	1.1 to 1.9*
Houndé	1,500	0.5	1,300	0.4 to 0.8
Ity	1,500	0 to 0.5	HL: 1,250 CIL: 1,150*	0.6 to 1.5
Karma	1,557	0.2 to 0.5	1,250	0.2 to 0.3

\*Varies by distance from deposit to the mill, ore type and mining method (OP/UG)

Additional information relating to the Corporation is available on the Corporation's web site at [www.endeavourmining.com](http://www.endeavourmining.com) and in the Corporation's most recently filed Annual Information Form filed on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this MD&A and certain information incorporated herein by reference constitute forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to the Corporation's plans or future financial or operating performance, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "will continue" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". The material factors or assumptions used to develop material forward-looking statements are disclosed throughout this document.

Forward-looking statements, while based on management's best estimates and assumptions, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Endeavour Mining to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the successful integration of acquisitions; risks related to international operations; risks related to joint venture operations; risks related to general economic conditions and credit availability, actual results of current exploration activities, unanticipated reclamation expenses; changes in project parameters as plans continue to be refined; fluctuations in prices of metals including gold; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Corporation operates, actual resolutions of legal and tax matters, as well as those factors discussed in the section entitled "Description of the Business – Risk Factors" in Endeavour Mining's most recent Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com). Although Endeavour Mining has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Corporation's management reviews periodically information reflected in forward-looking statements. The Corporation has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

#### **CAUTIONARY NOTE REGARDING RESERVES AND RESOURCES**

Readers should refer to the most recent Annual Information Form of Endeavour Mining and other

continuous disclosure documents filed by Endeavour Mining available at [www.sedar.com](http://www.sedar.com), for further information on mineral reserves and resources, which is subject to the qualifications and notes set forth therein.